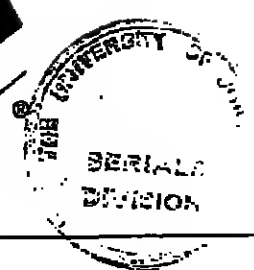


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France Will Shrink Crédit Lyonnais to Rescue It

By Alan Friedman
International Herald Tribune

PARIS — France announced a rescue package for state-owned Crédit Lyonnais on Friday that will shift about \$27 billion worth of assets out of the bank, more than one-third of them troubled loans, while dramatically shrinking the size and activities of the bank.

Top officials of the government of Prime Minister Edouard Balladur, who are worried about angering voters ahead of next month's presidential election with a taxpayer-funded rescue or about ringing European Commission alarm bells over huge state subsidies, insisted Friday that Crédit Lyonnais was not being bailed out by the state.

But the plan, which involves major sell-offs and job cuts that will shrink Europe's biggest bank, includes parking some \$27 billion of the bank's assets in a new holding company that will be tied to a state-owned intermediary. The government, in essence, will be saddled with guaranteeing these assets.

Officials revealed that at least \$10 billion of the assets being transferred out of the bank represent likely loan losses as well as provisions for possible legal damages relating to Crédit Lyonnais's court cases involving French property loans and its ownership of MGM, the Hollywood studio.

On Friday, the bank announced 1994 losses of \$2.4 billion, a level far higher than

was forecast late last year by Jean Peyrelevade, the bank's chairman.

Mr. Peyrelevade said that the bank planned a four-year restructuring plan, and contended that Crédit Lyonnais would return to profit in 1995, although he said earnings would range only from 500 million francs to 1 billion francs (\$100 million to \$200 million).

The desperate financial condition of the bank became clear Friday when government officials said Crédit Lyonnais would probably dismiss as many as 7,000 employees, or more than 10 percent of its work force, pull out of all commercial property lending, sell off 90 percent of its industrial shareholdings and dispose of nearly all its European retail banking subsidiaries.

These decisions suggest that the government has been forced to abandon much of Crédit Lyonnais's role as an institution that traditionally functioned as an arm of government industrial and financial policy.

Although both Mr. Balladur and Edmond Alphandery, the finance minister, have both insisted that taxpayers would not have to pay any more money for the government's rescue, a senior French official conceded privately that "there is no free lunch and this could cost money."

The rescue has been packaged as a highly complex reshuffling of 135 billion francs of assets, of which 50 billion francs is industrial shareholdings and the rest is

See BANK, Page 4

Signs of Dissent In a Chinese Vote

A Third of 'Tame' Deputies Demur On Ballot That Tested Jiang's Power

By Steven Mufson
Washington Post Service

BEIJING — In an unusual show of backbone, more than one-third of the deputies to China's traditionally docile National People's Congress on Friday either voted against or abstained from voting for one of the government's candidates for deputy prime minister.

Jiang Chunyun, former Communist Party boss of Shandong Province in the north, won election as deputy prime minister with the support of only 63 percent of the 2,752 members of the National People's Congress. In the polling by secret ballot for Mr. Jiang, 605 deputies voted against, 391 abstained and 10 did not vote, while 1,746 voted in favor.

The ballot was closely watched by Western diplomats and analysts, who saw it as a test of the authority of President Jiang Zemin now that China's 90-year-old senior leader, Deng Xiaoping, is fading from the political scene.

The relatively large dissenting vote was a sign of the legislature's gradually increasing independence and of dissatisfaction within the government's own rank and file, analysts said. President Jiang and the new Deputy Prime Minister Jiang are not related.

Though a landslide by American standards, Jiang Chunyun's showing was anemic by the norms of Chinese politics. Unopposed candidates for high office routinely are elected by 90 percent or more of eligible delegates.

Jiang Chunyun was one of two Politburo members Prime Minister Li Peng put before the legislature for promotion to the rank of deputy prime minister, which would give them expanded responsibilities over certain sectors of the economy.

The other candidate, Wu Bangguo, a former Shanghai party chief, won by a comfortable margin. Mr. Wu received 2,366 votes, or nearly 86 percent of those cast in the secret ballot.

Both are considered supporters of economic reforms and allies of Jiang Zemin who could help bolster the president's political position.

Jiang Chunyun, 64, a peasant's son with a relatively modest education, takes over the agriculture portfolio. He was promoted

to the central leadership last September.

He faces many obstacles in the struggle to feed 1.2 billion people with food grown on rapidly shrinking number of hectares of agricultural land. Food output last year fell short of targets in several key crops and the country has been importing grain.

Food coupons, discarded during Mr. Deng's reforms, have been reinstituted in many cities where staples are scarce. Jiang Chunyun's native Shandong, however, is one of the country's fastest growing provinces.

Mr. Wu, 53, becomes one of the two youngest members of China's top leadership. He was appointed to the Politburo in 1992. A native of Anhui Province and a graduate of Qinghua University in Beijing, he will oversee the overhaul of China's state-owned enterprises, more than one-third of which are losing money.

Mr. Wu, who worked for 27 years in Shanghai, is considered part of a growing "Shanghai clique" in the top government. But many analysts note that within the group of Shanghai government and party veterans there are varying points of view.

Three members of the Shanghai faction — President Jiang, Deputy Prime Minister Zhu Rongji, and Qiao Shi, chairman of the National People's Congress — are considered rivals for supreme power in the post-Deng era.

Mr. Wu also carves out his niche from the portfolio of Mr. Zhu. Some analysts see the move as an attempt by President Jiang to cut down the stature of Mr. Zhu, who functions as an economic czar.

But others see it as a logical move, believing Mr. Zhu is overworked. Mr. Zhu manages far-reaching tax reforms, runs the central bank, and deals with structural economic problems.

On Saturday, the congress will put the government to another test when it votes on a banking law that charges the central bank with maintaining "the stability of the value" of the Chinese currency.

The law also would make the central bank free from interference from local governments, organizations and individuals. Many legislators, however, have been demanding greater control over the central bank in order to free up more money. The bank has argued that such a move would be inflationary.

Disagreements have emerged over other economic reforms as well.

For example, Wen Shizhen, the newly elected governor of Liaoning Province, complained that state-owned enterprises have not used capital efficiently, and suggested that the firms should not be held responsible for past errors.

Many of the disputes have broken out in private meetings between top national leaders and members of provincial delegations. According to the South China Morning Post, a delegate from Guangdong Province, in the south, complained that Communist Party leaders treated the national congress as a "convalescent home" for retired cadres.

He added that some party cadres "are very experienced, but there are also some who are old and senile, whose ossified minds can no longer comprehend any problem."



END OF A REVOLT — A woman outside a barracks of rebel police Friday near Baku, Azerbaijan. Troops took the barracks. Page 2.

Wartime Japan Hoped to Dump Horror Weapons on U.S.

By Nicholas D. Kristof
New York Times Service

MORIOKA, Japan — He is a cheerful old farmer who jokes as he serves rice cakes made by his wife, and then he switches easily to explaining what it is like to cut open a 30-year-old man who is tied naked to a bed and dissect him alive, without anesthesia.

"The fellow knew that it was over for him, and so he didn't struggle when they led him into the room and tied him down," recalled the 72-year-old farmer, then a medical assistant in a Japanese Army unit in China in World War II. "But when I picked up the scalpel, that's when he began screaming."

"I cut him open from the chest to the stomach, and he screamed terribly, and his face was all twisted in agony. He made this unimaginable sound, he was screaming so horribly. But then finally he stopped. This was all in a day's work for the surgeons, but it really left an impression on me because it was my first time."

Finally, the old man, who insisted on anonymity, explained the reason for the vivisection: the prisoner, who was Chinese, had been deliberately infected with the plague, as part of a research project, the full horror of which is only now emerging, to develop plague bombs for use in World War II. After infecting him, the researchers decided to cut him open to see what the disease does to a man's inside.

That research program was one of the great secrets of Japan during and after World War II: a vast project to develop weapons of biological warfare, including plague, anthrax, cholera and a dozen other pathogens. Unit 731 of the Japanese Imperial Army conducted research by experimenting on humans and by "field testing" plague bombs by dropping them on Chinese cities to see whether they could start plague outbreaks.

They could. A trickle of information about the germ warfare program has turned into a stream and now a torrent. Half a century after the end of the war, a rush of books, documentaries and exhibitions are unlocking the past and helping arouse interest in Japan in the atrocities committed by some of Japan's most distin-

guished doctors. Scholars and former members of the unit say that at least 3,000 people — and by some accounts several times that number — were killed in the medical experiments; none survived. No one knows how many died in the "field testing."

It is becoming evident that the Japanese officers in charge of the program hoped to use their weapons against the United States. They proposed using balloon bombs to carry disease to America, and they had a plan in the summer of 1945 to use kamikaze pilots to dump plague-infected fleas on San Diego.

The research was kept secret after the end of World War II in part because the U.S. Army granted immu-

See SECRET, Page 4

AIDS Kills the Future of Africa's Young

By Stephen Buckley
Washington Post Service

KAKUOTO, Uganda — Elizabeth Nakaweesi, 17, became head of her household at 13.

In 1989, her mother died of AIDS. In 1991, AIDS killed her father. That left Elizabeth to care for her four brothers and sisters, now aged 10 to 15.

Instead of spending her days in school, she spends them making straw mats and cultivating her family's half-acre of banana trees. She makes \$40 a year.

"It is painful to have no parents," Elizabeth said recently, sitting in her family's battered clay hut. "If they were here, they

would take care of us. We would have the things we do not have."

Her plight has become a familiar one in Africa, where AIDS has left millions of children without parents and has afflicted thousands of others who contracted the virus through their mothers.

Statistics on the impact of AIDS among African children are sketchy but nonetheless grim. Unicef predicts that by 1999, up to 5 million African children will have lost their mothers to AIDS. Of the 9.5 million people in sub-Saharan Africa who either have the human immunodeficiency virus, or HIV, that causes AIDS, or the disease itself, an estimated 1.3 million are children.

AIDS has ravaged the continent in part

because of cultural mores that assent to men maintaining sexual partnerships with more than one woman. Researchers also have found that a high rate of nonfatal sexually transmitted diseases among both genders has made Africans more vulnerable to HIV.

AIDS specialists fear that the impact of the disease on children will slash school enrollments, roll back gains in infant mortality rates and further tax family structures already shattered by political and economic crises in many African countries.

Uganda's AIDS crisis is among the most urgent in Africa, as 1.5 million of the

See AIDS, Page 4

First the Peso, Then the Mexican Dream

By Douglas Farah
Washington Post Service

MEXICO CITY — Maria and Catalina Martinez were living the Mexican dream.

The sisters attended a university, got jobs they wanted and, with easy credit, bought things their parents could only dream of, becoming part of the new middle class that sprang up here in the 1980s.

The creation of a true middle class, with purchasing power and a belief in getting

ahead, was considered one of the most dramatic achievements of the presidency of Carlos Salinas de Gortari. But as the crisis has brought soaring interest rates, growing unemployment and a sharp loss of purchasing power, the Martinez sisters, like millions of Mexicans, are watching their hopes and plans for upward mobility erode daily.

An evening discussing the present and future with the family of the two sisters, who live with their retired parents, Carlos and Dolores, and Catalina's 6-month-old son in a middle-class neighborhood, showed just how deep the disillusionment is with the political leadership they accuse of corruption and mismanagement that they say has dashed their dreams.

The close-knit family has grown fearful of not being able to maintain its small house while adjusting not only to suddenly lowered expectations but also to a 50 percent drop in real income. In their worries, one can see the toll the crisis is taking on Mexico's social fabric.

As pressing as the economic problems have become, family members repeatedly pointed out that what has been destroyed is not just a way of life, but the social contract built on faith in the government.

"Of course we had high expectations," said Catalina, a professor of psychology at the Iberoamerican University, as she rocked her son. "And now what about my son? I already have to recognize he will probably not be able to go to a good school. I can't save anything for his education. I have no doubt he will have a difficult future."

Gone, the family said, are the occasional outings to the theater, restaurants or vacations that were once almost routine. Gone, too, is systematic saving or planning for the future.

Carlos Martinez, who at 70 is proud of his daughters' achievements, said bitterly that anyone who "thinks life will get better is a dreamer, because every president here

See MEXICO, Page 4



ALIBI IN QUESTION — Bernard Tapie, former Marseille soccer team owner, at his bribery trial Friday in Valenciennes, France. New testimony dealt a blow to his alibi. Page 22.

AGENDA

Kiev Rushes Crack Troops to Crimea

LONDON (AFP) — Crack Ukrainian troops flown in from Kiev surrounded the Crimean Parliament building in Simferopol on Friday night, according to a Radio Russia report monitored here by the BBC.

The task force, commanded by Ukraine's deputy interior minister, General Valent Chornushov, was insisting that Crimean troops guarding Crimea's president, Yuri Meshkov, surrender their weapons, the report said.

The Ukrainian Parliament abolished Crimea's presidency and constitution on Friday, and it ordered that Mr. Meshkov be charged with abuse of office.

It was the latest move in a long-running power struggle between Ukraine and the autonomous region of Crimea.

The Crimean Peninsula was transferred to Ukraine by the Soviet leader Nikita S. Khrushchev in 1954, but its ethnic Russian majority of 60 percent has campaigned for it to be returned to Russian control since the Soviet Union collapsed in 1991.

Leonid Kuchma, the Ukrainian president, backed the Parliament's action, but added: "Nobody is going to abolish Crimean autonomy."

Dow Jones		Trib Index	
Up	4.50	Up	0.02%
4073.65		112.23	
The Dollar		Fri. close	
New York		1.3687	1.3685
DM		1.584	1.5855
Yen		89.10	89.20
FF		4.9543	4.9705

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ASIA Page 5

Singapore Executes Filipino

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Fashion's Family Tree

Opinion Page 6 Sports Pages 22, 23

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Meet Lawrence Hanratty, Job's Younger Brother

Reuters

NEW YORK — Jolted, jilted, hampered in a car crash and robbed, Lawrence Hanratty may be the unluckiest man in New York.

Nearly electrocuted in a construction site accident in 1984 that put him in a coma for weeks, Mr. Hanratty lost the lawyers who were fighting for his disability claim — one was disbarred, two died — and his wife ran off with her lawyer.

Mr. Hanratty has spent years fighting heart and liver disease. His car was wrecked in a crash last year, and when the police left the scene of the accident, he was held up and robbed.

"I say to myself, 'How much more am I going to be tested in life to see how much I can endure?'" the hapless Mr. Hanratty said.

As if he hasn't tolerated enough hardship, the 38-year-old Mr. Hanratty said an

insurance company now wants to cut off his worker's compensation benefits, and his landlord has threatened to kick him out of his apartment.

Depressed and suffering from agoraphobia, a fear of open spaces, Mr. Hanratty uses a canister of oxygen and takes 42 pills a day for his heart and liver ailments. But he is not giving up yet.

"There's always hope," he said.

Sinn Fein Chief Says U.K. Agrees to High-Level Talks

Compiled by Our Staff From Dispatches

WASHINGTON — Gerry Adams, the leader of the Irish Republican Army's political wing, said Friday that Sinn Fein and the British government were discussing agendas for upgrading the peace talks on Northern Ireland to ministerial level. He added that he believed such talks would take place in the next few weeks.

Mr. Adams' announcement at a news conference appeared to indicate a breakthrough in the peace process.

Sinn Fein has been demanding ministerial-level talks with the British. But London had said that the IRA had to give up its arms before those talks could take place.

Mr. Adams said early this month that talks with Britain could include "decommissioning" of arms. It is believed that comment helped persuade President Bill Clinton to drop a ban on Mr. Adams' raising funds in the United States

and to invite him to the White House for the St. Patrick's Day celebration Friday.

In London, Britain's Northern Ireland Office said it had not yet been decided whether ministers would join the exploratory dialogue for peace talks.

"That depends on the ministers' being satisfied that Sinn Fein is ready to engage in a constructive discussion of the decommissioning of arms and to join in an exploration of the ways by which this can be most effectively achieved," the office said in a statement.

Shortly after Mr. Adams' announcement, President Clinton, with Prime Minister John Major, said that the IRA had to give up its arms.

"To those who have laid down their arms, I ask you now to take the next step and begin to seriously discuss getting rid of these weapons so they can never be used again and violence will

never again return to the land," the president said.

Mr. Bruton, who said Sinn Fein was making a real effort to meet British demands, urged the IRA to make the "generous gesture" of being the first armed group to give up its weapons.

Mr. Adams insisted, however, that Sinn Fein could not bring about disarmament on its own. "We have no authority or control over arms," Mr. Adams said.

Mr. Bruton challenged that claim, telling reporters outside the White House that even though Mr. Adams lacked technical control of its arms, "he has tremendous influence over the IRA."

Mr. Adams declined to say if any concessions had been made to the British government to upgrade the talks. He said all issues would be on the table, but did not see the issue as being one of giving or making concessions.

He said that Sinn Fein's chief negotiator, Martin McGuinness, had been in contact with British officials as part of a continuing dialogue.

"I am pleased therefore to announce that we have moved — that is, we and the British officials — to a discussion of the agendas of meetings between Sinn Fein and British ministers," he said. "These meetings will take place sooner rather than later. That is my firm expectation."

At his news conference, Mr. Adams was asked about the discovery of a bomb in the Northern Irish border town of Newry on Thursday evening and repeated his earlier assertion that it was a British sabotage attempt.

"I think it's obviously an element of British dirty tricks," he said. "It is a distraction from the process and totally unhelpful to it."

(AP, Reuters)

Azeri Troops Crush A Mutiny by Police

Security Minister Says Rebels Plotted to Kill the President

Compiled by Our Staff From Dispatches

BAKU, Azerbaijan — The Azerbaijani Army crushed a rebellion by mutinous policemen in a fierce battle in Baku on Friday. President Heydar A. Aliyev said the rebels' leader was fatally wounded in the fighting.

Russia's NTV independent television reported that up to 80 people had been killed in the fighting. Interfax news agency said 30 people had died. No independent confirmation was available.

Western oil companies, meanwhile, evacuated nonessential staff, casting a cloud over a multibillion-dollar deal signed last year with the Azerbaijani government.

The government said that rebels belonging to a special police force had aimed to seize and assassinate Mr. Aliyev. Addressing a cabinet meeting that was televised nationwide, Defense Minister Safar Abiyev said that the mutiny had been suppressed.

"The rebels have been defeated and our troops are returning to their garrisons," he said.

Rovshan Dzavadov, one of two brothers commanding the police force, died after being shot by government troops at the barracks. President Aliyev announced on television. Mr. Dzavadov held the post of deputy interior minister until his dismissal earlier this week.

The brothers had accused the government of corruption and demanded the resignations of the president, the interior minister and the Parliament speaker, as well as the creation of a coalition government.

"There was no way to avoid

bloodshed," Mr. Aliyev, 71, a former Soviet Politburo member who has been in power since June 1993, said in a somber address to the nation. "We had to protect the state."

The minister of national security, Namig Abbasov, said that Mr. Dzavadov had plotted a coup because he wanted to be interior minister of the Transcaucasian state, the third-biggest oil producer among the former Soviet republics.

"They planned to seize the president and kill him," he said.

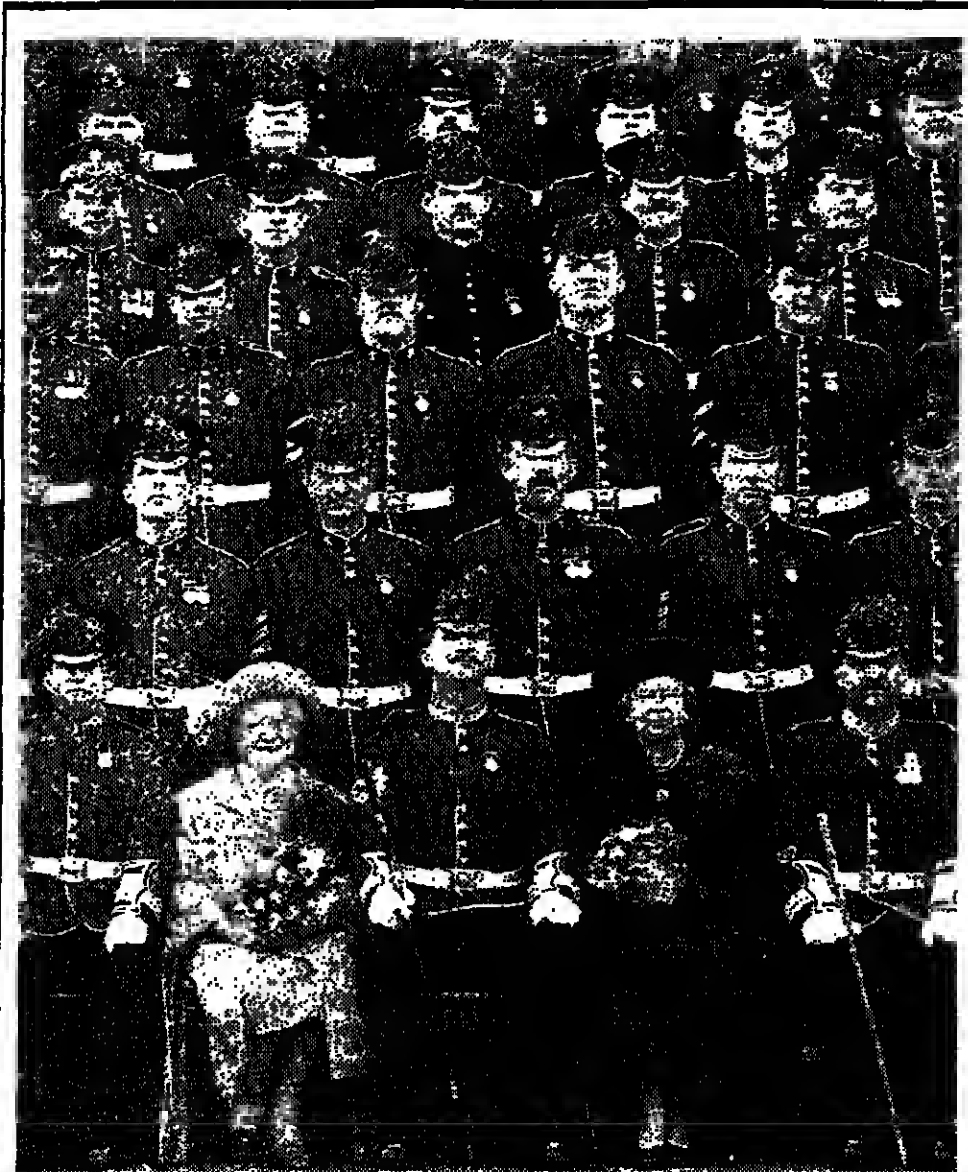
Mr. Dzavadov was at the center of a coup attempt last October, but eventually came out on the side of Mr. Aliyev. But an order on Tuesday to disband the police under his command, after a minor fracas between rebel troops and local police in the northwest of the republic, left Mr. Dzavadov stripped of his power base.

Defense Minister Abiyev said that government forces had attacked the headquarters of the rebels just outside Baku after the police tried to break out of their base overnight and capture the presidential palace.

In addition to the reported deaths, about 50 people were said to have been wounded in the government attack.

The fighting sent Western business executives scrambling for air tickets and cast a cloud over investment prospects for the former Soviet republic.

"I'm sending all our non-essential people out," said Ian MacGregor, logistics manager for British Petroleum-Statoil, which heads the Western consortium hoping to tap Azerbaijan's huge offshore oil reserves. (AP, Reuters)



ST. PATRICK'S DAY, BRITISH STYLE — Queen Elizabeth II and the Queen Mother joined forces with noncommissioned officers of the Irish Guards on Friday to present shamrocks to the First Battalion Irish Guards at Chelsea Barracks in London.

Yeltsin Fires Director Of Bolshoi

Compiled by Our Staff From Dispatches

MOSCOW — President Boris N. Yeltsin dismissed the director-general of the Bolshoi Theater on Friday and abolished the post after a long crisis at the institution.

Mr. Yeltsin's press service said that Vladimir Kozlov would be transferred to another, unspecified job.

The dismissal followed a protracted dispute over contracts and the theater's leadership, which culminated last week in a strike by performers.

In December, dancers delayed a performance of the ballet "Giselle" by 20 minutes. On March 10, dancers refused to perform altogether after Yuri Grigorovich, chief ballet master and artistic director of the Bolshoi Ballet for 30 years, resigned on March 7 after a dispute with Mr. Kozlov.

The dancers, angered by the introduction of short-term contracts after years of long-term guarantees during the Soviet era, accused Mr. Kozlov of incompetence.

Forteen company members have been suspended and are scheduled to appear in court Monday on charges of staging an illegal strike.

The 14, including several dancers, a choreographer and the orchestra conductor, were considered to be the ringleaders of the March 10 work stoppage. (Reuters, AFP)

Bombings Move Bonn to Rescind Ban on Deporting Kurds

The Associated Press

BONN — The German Parliament voted Friday to permit the deportation to Turkey of up to 1,000 Kurds, after the police

said that suspected Kurdish militants hurled firebombs at Turkish businesses and mosques for a fourth straight night.

The vote did not signal an immediate start of mass deportations because the decision is ultimately up to Germany's individual states. Most states are run by opposition Social Democrats, who say they will not send the Kurds back.

But Bavaria's conservative government announced that a convicted heroin dealer and two other Kurds would be deported next week, the first to be sent home to Turkey in more than a year.

About 700 to 1,000 Kurds are in German jails awaiting deportation. Kurdish groups say. Some were arrested for criminal acts, while others had applied for political asylum and been turned down.

The police arrested 18 people

Friday after attacks against five travel agencies, three mosques and two German-Turkish cultural centers. Most, if not all, of the suspects were Kurds, said Alfred Oeschwald, an anti-terrorism official in Stuttgart.

More than two dozen Turkish businesses, mosques and cultural centers have been firebombed in Germany and Switzerland in the last week. The attacks have caused damage but no injuries.

The police said they believed that the violence was being organized by the Kurdistan Workers' Party, which is fighting to establish a Kurdish homeland in southeastern Turkey.

The attacks appeared to be a reaction to the German depor-

tation debate and to anti-government rioting this week in Turkey. There has also been an annual uprising in Kurdish violence in Germany around the Kurdish New Year, which begins Tuesday.

Farkh Sen, director of the Center for Turkish Studies at Essen University, said: "The Kurdish militants are out to sow discord. I'm very afraid that the Kurdistan Workers' Party is trying to split the Turkish community here."

The party, which is believed to have about 6,000 followers among the 450,000 Turkish Kurds living in Germany, was banned by the government in 1993. Germany's 2 million Turks make up its largest minority.

Germany is Turkey's most important trading partner, and Bonn has been embarrassed by the attacks against Turkish citizens, many of whom have lived here for decades. But it is reluctant to mar its postwar image as a country that welcomes refugees by deporting people who face torture or death at the hands of Turkish security forces.

The bill defeated Friday in Parliament, by a vote of 333 to 307, would have extended the moratorium on deportations.

It was offered by the Social Democrats and Alliance '90-Greens, who want lawmakers to complete hearings on the human rights situation in Turkey before resorting to deportations.

(Reuters, AFP)

RELIGIOUS SERVICES

AMSTERDAM
CROSSROADS INTERNATIONAL CHURCH: International Christian and Evangelical Church. Services: 10:00 a.m. and 8:00 p.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

BERLIN
International Church of Christ Sunday 9:30 services in English. Pastor: Dr. G. (Günther) U. B. Bräunlein. Tel: 030-784 8234.

FRANCE/TOROUROUSE
HOPE INTERNATIONAL CHURCH (Evangelical). Sun, 9:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

FRANKFURT
Come to the Church in the University of Frankfurt. Sunday 9:30. Pastor: Dr. G. (Günther) U. B. Bräunlein. Tel: 030-784 8234.

KIEV
INTERNATIONAL CHRISTIAN ASSEMBLY (AOC). An English-speaking, international Christian and Evangelical Church. Services: 10:00 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

MUNICH
INTERNATIONAL COMMUNITY CHURCH: Evangelical Church. Services: 10:00 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

PARIS and SUBURBS
EMMANUEL BAPTIST CHURCH: 56 Rue des Bons-Enfants, 75008 Paris. Tel: 01-47-70-20-80.

PARIS and SUBURBS
EMMANUEL BAPTIST CHURCH: 56 Rue des Bons-Enfants, 75008 Paris. Tel: 01-47-70-20-80.

HOPE INTERNATIONAL CHURCH (Evangelical). Sun, 9:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

THE SCOTTS NIKK (Presbyterian) 17 rue Bayard 75008 Paris. Tel: 01-47-70-20-80.

SAINT JOSEPH'S CHURCH (Roman Catholic). Masses: Sunday 9:00 a.m., 10:00 a.m., 12:00 p.m., and 8:00 p.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

ST. MICHAEL'S CHURCH (Evangelical Anglican). Sunday 10:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

SALZBURG
BERNESE BIBLE CHURCH: In Bern, "They searched the scriptures daily." Acts 17:11. Evangelical Church. Services: 10:00 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

TOKYO
ST. PAUL INTERNATIONAL LUTHERAN CHURCH: Near Ikebukuro. Tel: 03-321-3743. Worship: Sunday 10:00 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

UNITARIAN UNIVERSALISTS
BARCELONA: (34-3) 723-0158. BRUSSELS: Tel: (32) 2-260 0226. or (32) 2-762-2292. GENEVA: Tel: (41) 31-362 3721 or (41) 31-362 3722. HEIDELBERG: Tel: (49) 621 581 718. KANISLALUTHERAN: Tel: (49) 605-8595.

MUNICH (49) 821-47-88 or (49) 89-26-2265. Sunday 9:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

METHODIST/UNITED METHODIST
AUFERSTEHUNGSKIRCHE — English-speaking congregation. Sunday worship 9:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

BERLIN
HOPE INTERNATIONAL CHURCH (Evangelical). Sun, 9:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

BRUSSELS/WATERLOO
ALL SAINTS CHURCH: Sun, 9:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

WIESBADEN
THE CHURCH OF ST. AUGUSTINE OF CANTERBURY: Sun, 10 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

EUROPEAN BAPTIST CONVENTION
BARCELONA: I.B.C. For information about services and Bible studies call Pastor Lance Borden, 438 50 58.

BERLIN
I.B.C. BERLIN: 100, Kuno Center Building 15. Tel: 030-784 8234.

BONN/KÖLN
I.B.C. OF BONN/KÖLN: Pastor: Dr. G. (Günther) U. B. Bräunlein. Tel: 030-784 8234.

BRATISLAVA
I.B.C. (English language, evangelist) Zineko 2, 12:30 Sunday - Ben Hanne, Tel: 713357.

BREMEN
I.B.C. (English language) meets at Evangelical-Freikirchliche Kirchgemeinde, Hohentwielstrasse 1, 28195 Bremen. Tel: 0421-51111.

BUCHAREST
I.B.C. Strada Pope Rusu 22, 300 000. Contact Pastor Mike Kemp, Tel: 312 3550.

BUDAPEST
I.B.C. meets in Moriz Zagradon Gimnazium, Törökossy ut 48-54, Budapest, 1020. Office: Tel: 06-1-462-2222. Tel: 06-1-462-2222.

BULGARIA
I.B.C. World Trade Center, 36, Drahov Tzarik Blvd. Tel: 1100. James Dule, Pastor. Tel: 70457.

CELLE/HANNOVER
I.B.C. Windmill Strasse 45, Celle 3100. Tel: 05141 4616.

DÜSSELDORF
I.B.C. English, Worship and Children's Church. Sunday 10:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

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INTERNATIONAL CHRISTIAN FELLOWSHIP: Evangelical-Freikirchliche Gemeinde. Sunday 10:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

GENEVA
EMMANUEL CHURCH: 1st, 3rd & 5th Sun. 10 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

ROME
ST. PAUL'S WITHIN-THE-WALLS: Sun, 9:30 a.m. / Kids Welcome. Dr. C. van der Wal, 23, Amsterdam. Tel: 020-640-1331 or 020-640-1332.

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Alawites Say Turkey Is Vowing to Make Amends

Compiled by Our Staff From Dispatches

ISTANBUL — Leaders of Turkey's minority Muslim Alawites met with Prime Minister Tansu Ciller on Friday and said she had promised to dismiss officials who "made mistakes" during four days of riots in which at least 17 people were killed.

Shortly before meeting the Alawite leaders, Mrs. Ciller said: "We will have an investigation into everything."

Witnesses said the police had fired directly at demonstrators in Istanbul, and that during rioting in Ankara they had used

riot sticks and water cannon to disperse crowds.

Mehmet Basaran, chairman of the Alawite Karacahmet Sultan Association in Istanbul, said after meeting Mrs. Ciller: "The prime minister said those who made mistakes will be relieved from duty and if necessary punished."

Despite the lifting of a curfew Friday imposed on one of the flashpoints of the clashes — Istanbul's sprawling Umraniye neighborhood, where four people were killed on Wednesday — discontent still simmered.

Unidentified attackers threw

firebombs at a mosque near Istanbul's Alawite suburb of Gazi and other targets Friday, the Anatolian News Agency said.

In Kadikoy, another suburb, about 2,000 demonstrators called for the resignation of the interior minister for his handling of the riots, the worst to hit western Turkey since the 1980 military coup.

The four days of riots and clashes were set off by an attack by unknown gunmen on Alawite coffee shops in Istanbul. They ended after the police were withdrawn from the city's two riot-hit areas and soldiers

were sent in. Alawites, whose relatively relaxed practice of Islam has made them the target of hard-line Islamists for centuries, make up perhaps 30 percent of Turkey's 60 million people and have always been strong backers of a liberal, secular state.

But they complain that Turkey does not respect their religious rights and that state money only goes to build mosques for the majority Sunni population and to finance Sunni religious education.

(Reuters, AFP)

Iraq Police Hold 2 Americans Who Crossed From Kuwait

Reuters

KUWAIT — Iraqi police have arrested two Americans who entered from Kuwait by mistake, and the United Nations is trying to find them and ensure their safety, UN military observers said Friday.

A spokesman for the UN Iraq-Kuwait Observer Mission, or UNIKOM, said the two were detained Monday after crossing the border and entering the Iraqi town of Umm Qasr.

The UN spokesman said that, after crossing the border at 7:45 P.M. on Monday, the Americans came to UNIKOM headquarters in Umm Qasr but were denied entry because they had no authorization.

"As they tried to return where they came from they were apprehended by the Iraqi police and taken into Iraq," he said.

The spokesman added that the two must have passed a UNIKOM checkpoint before reaching the Umm Qasr headquarters.

A State Department spokesman said the two were believed to be private citizens and were not U.S. government employees.

A U.S. official added: "Our understanding is they were going to visit friends at UNIKOM and inadvertently crossed over too far and were detained by Iraqi border guards."

TRAVEL UPDATE

U.S. Eases Irish Visa Requirements

WASHINGTON (Reuters) — Most visitors from Ireland will be allowed into the United States without a visa starting in April, the U.S. Immigration and Naturalization Service said on Friday.

The agency, announcing the change on St. Patrick's Day, said that under the program, most U.S. citizens would now be able to visit Ireland without a visa.

The visa waiver program allows nationals of a designated country to enter the United States as visitors for up to 90 days without having to get a visa from the U.S. embassy or consulate.

Strasbourg will be added to Sabena destinations, Sabena Belgian World Airlines SA announced. The airline also is adding extra flights to European destinations as well as to Istanbul, Casablanca and Chicago. Strasbourg will be served by four flights a day, Sabena said, adding that the number of flights would go up to two a day, from one, on routes from Brussels to Bilbao, Lisbon, Helsinki, Turin, Venice and Oslo. (AP)

Continental Airlines plans daily service between Newark, New Jersey, and Manchester, England this summer. The Houston-based airline said the nonstop Boeing 737 service would begin July 15. (AP)

Budget-Cutters Size Up Pentagon's Intelligence System

By Walter Pincus
Washington Post Service

WASHINGTON — In the world of spying, the Central Intelligence Agency gets almost all the criticism. But the Pentagon's intelligence agencies, with vastly larger budgets and more personnel, are now top targets for reductions as the government moves to streamline post-Cold War espionage.

While the CIA's intelligence directorate has about 1,500 analysts, there are 13,000 in the military doing analysis; much of it derived from analyses already completed, according to a new study by current and former government officials and members of Congress.

Of the \$28 billion that the United States spends on gathering intelligence, Pentagon-managed agencies absorb four-fifths of the budget. They include the supersecret National Security Agency, which conducts worldwide electronic eavesdropping, and the National Reconnaissance Office, which manages the spy satellites.

As the president's new bipartisan Commission on the Roles and Capabilities of the Intelligence Community begins its work, the Pentagon agen-

cies are a central focus, officials said. The commission is headed by Les Aspin, the former defense secretary.

"Consolidation should begin in the Department of Defense, where duplication in organization and process is the most extensive and obvious," according to the new study, produced by a panel assembled by Georgetown University's Institute for the Study of Diplomacy.

Earlier this year, Robert M. Gates, a former director of central intelligence, suggested the creation of a director of military intelligence who could consolidate "functions that are duplicated in the service intelligence organizations."

In contrast to the CIA budget of about \$3 billion a year, the National Security Agency receives \$4 billion; the National Reconnaissance Office, nearly \$7 billion; and the Central Imagery Office, which with other agencies takes photographs from space, more than \$1 billion.

The Pentagon's dominance of the budget began during the 1970s, when there was an industrial revolution in the field. The technical collection systems, on land and later in space, began upstaging the CIA and its human intelligence

resources. The intercepted messages and startling pictures from space impressed presidents and drew enormous spending increases.

In the 1970s, Donald Rumsfeld, then secretary of defense, was asked by the White House to give control of the new intelligence satellites to the CIA and he responded, "If they're in my budget, I'll run them." It's been that way ever since.

Another Pentagon area is the single biggest part of the intelligence community, the roughly \$12 billion that goes to the area called Tactical Intelligence and Related Activities, or TIARA. That is the label for funds for the Pentagon's most important intelligence function: support for each individual service's wartime operations. That money also includes overlapping analysis, clandestine and overt information collection, the Army Mapping Service, and operations that almost never see the light of day.

Another Pentagon agency that faces close review is the Defense Intelligence Agency, with a \$600 million budget.

Created during the Kennedy administration, the DIA's role, according to the Georgetown study, was "to subsume the separate air force, army, Marine and navy intelligence organiza-

tions into a single, centralized military intelligence entity." Instead, the report said, "a robust DIA was added to an even more robust set of service intelligence organizations."

Although the Pentagon's intelligence operations have ever been subject to a major congressional investigation, the agencies that manage them have been experiencing the post-Cold War infighting that has put the CIA in turmoil, according to active and retired officers and members of Congress.

Congressional sources recently noted that the NSA last year asked Congress to approve a multimillion-dollar supercomputer to handle code-breaking against sophisticated new systems without realizing that the building it planned to house it in was run down and leaking water.

When Congress asked how many other computers the NSA had and how this one would be used, NSA officials refused to get into details, saying they could not talk to anyone about cryptography.

"It took us months to get them to work out a plan for its use," recalls Dennis DeConcini, the retired chairman of the Senate Intelligence Committee.

POLITICAL NOTES

How to Be a Lobbyist: The Course

TRENTON, New Jersey — They got their omelet by lurking around the lobbies and halls of legislative chambers, grabbing the lawmakers as they came and went, urging, whispering, promising, threatening, begging.

Of course, they prefer to call themselves "legislative agents" or better yet, "public policy advocates." But whatever they are called (and sometimes it is unprintable), they have become such important fixtures around the capitol in Trenton that a local university now offers a course on lobbying and its eternal variant, counter-lobbying.

In Public Policy Advocacy, Rutgers University course number 970-672, business executives, a handful of actual lobbyists and a few graduate students study in Stepheo Salmore's class.

Real-life lobbyists visit the once-a-week class, taught in the very shadow of the State House dome, to sift the evidence from some of the recent battles that have played out in the offices, hallways and, yes, lobbies of the State House, analyzing what went wrong or right, and how it might have been done (or undone) differently. (NYT)

House Slates \$17 Billion in Cuts

WASHINGTON — The House has passed a bill making \$17.1 billion in spending cuts, a move Republicans acclaimed as the first step in improving the nation's fiscal health.

The bill makes cuts in dozens of programs, particularly low-income housing, environmental, education and job training programs. At the same time it makes available \$5.4 billion to pay for disaster relief in California and 39 other states.

But a proposal to cut money from the National Endowment for the Arts, whose projects many conservatives deem immoral and anti-American, was defeated.

The bill now goes to the Senate, where there will be pressure to match the total spending reductions approved by the House. The Senate is certain to put its imprint on the bill, cutting different programs than the House, possibly including the military. (WP)

Transportation Inquiry Ended

WASHINGTON — Attorney General Janet Reno has dropped a Justice Department inquiry that could have led to the appointment of an independent counsel to investigate Transportation Secretary Federico F. Peña.

The department's criminal division had been investigating Mr. Peña's ties to the troubled international airport in Denver, where he once served as mayor. They also examined any role Mr. Peña might have played in the awarding of a Los Angeles transit system contract to his former investment firm.

In a statement issued Thursday, Justice Department officials said they had concluded that "the criminal division has found no specific and credible evidence of any violation of federal criminal law." (WP)

Clinton Proposes Easing of Rules

WASHINGTON — President Bill Clinton has responded to the Republican-led attack on federal regulations by proposing to ease the burden on business imposed by environmental, safety and medical rules.

Mr. Clinton said that federal agencies should be allowed to waive fines levied against small companies for failing to comply with regulations, as long as the companies are first-time offenders and correct the violations.

He also said some businesses should be allowed to devise their own ways of meeting overall pollution-abatement goals, rather than being forced to follow a process dictated by Environmental Protection Agency regulations. (WP)

Quote/Unquote

Henry W. Foster Jr., the oomice for surgeon-general who has been attacked over a variety of issues: "I cannot say that there is an orchestrated effort to pick out minorities, but I can tell you it certainly looks fishy." (WP)

Much-Vaunted Attack by Simpson Defense Leaves Few Scars

By David Margolick
New York Times Service

LOS ANGELES — Detective Mark Fuhrman, an early investigator of the killings of O. J. Simpson's former wife and her friend, has now left the stand, far more intact than lawyers for Mr. Simpson would have liked.

In three days of intense questioning, F. Lee Bailey neither laid a very heavy glove on Mr. Fuhrman nor proved that the detective moved once in a brazen effort to frame Mr. Simpson.

Mr. Fuhrman may be recalled when the defense case begins, and much of what Mr. Bailey did this week was gather ammunition for attacking Mr. Fuhrman later on. But after having his most famed cross-examiner pummel the detective for nearly four days, the defense seemed to have advanced only incrementally.

Erwin Chemerinsky, a professor of law at the University of Southern California, said Mr. Bailey had scored many points and could score more when the defense calls its own witnesses. But Mr. Bailey, he said, had not come through with what he had promised.

"He said in essence that he was going to destroy Mark Fuhrman," he said. "But the defense did not introduce a shred of evidence that Fuhrman planted the glove, and Bailey was never able to shake his composure and confidence."

"The defense wanted the jury to see Fuhrman as a hateful, spiteful man who would commit a felony because of his hate and spite, and it didn't happen."



F. Lee Bailey, the defense lawyer, pursuing his questioning of Detective Mark Fuhrman in court this week.

The redirect examination of Mr. Fuhrman by Marcia Clark, the chief prosecutor in the case, was even shorter than Mr. Bailey's conclusion, but it served to underline two points: First, that when Mr. Fuhrman first reported finding an incriminating glove, behind Mr. Simpson's house, he knew so little about the case that hatching plots would have been suicidal, and second, that the theory of removing and planting evidence

was just too ridiculous to dwell on for very long.

Among other things, Ms. Clark asked Mr. Fuhrman whether, when he first found the glove along the walkway behind Mr. Simpson's house, he had known the time when Nicole Brown Simpson and Ronald L. Goldman had been killed; whether Mr. Simpson had an alibi; whether there were any witnesses; whether Brian (Kato) Kaelin, Mr. Simpson's

houseguest, had already walked back there, or whether he knew the glove held fibers from Mr. Simpson's Bronco.

To each question, he replied no.

Judge Lance A. Ito ruled this week that the defense, which asserts that Mr. Fuhrman is a racist, can resume its cross-examination of the detective, at least on his racial attitudes, when it presents its own case.

After Mr. Fuhrman depart-

ed, Frank Spangler, the commander at the crime scene, testified that he was with Mr. Fuhrman for the few crucial seconds in which, defense lawyers have asserted, the detective picked up the bloody glove. Mr.

Spangler's testimony contradicted Mr. Fuhrman's — he said last week he had been alone for five seconds — but it was a contradiction prosecutors could live with.

Mr. Spangler also testified that from everything he had seen at the site of the killings, Mrs. Simpson's condominium, and from the reports he had received, there was but one glove near by the bodies of Mrs. Simpson and Mr. Goldman, whose bloody corpses were found shortly after midnight on June 13.

The moment Mr. Fuhrman strode out, the entire courtroom seemed to decompress, and the self-deprecatingly witty Mr. Spangler was a perfect foil to his somber and monosyllabic predecessor.

The bitter exchanges between the prosecution and the defense also stopped, in part because of a written order Judge Ito issued on Thursday morning.

In a stern statement, the judge directed that while court is in session, opposing lawyers are not talk to one another without his permission.

He also barred them from displaying any reactions to the proceedings, including "gestures, eye rolling, head nodding, laughter, stage whispered comments, or any other conduct or reaction which is visible and/or audible to the jury."

Nor, he said, shall the lawyers "engage in gratuitous, personal attacks upon each other."

Suspected Author Dismissed From Simpson Jury

The Associated Press

LOS ANGELES — A juror was dismissed from the O. J. Simpson trial Friday, apparently because the authorities suspected he was writing a book about the case.

The dismissed juror, a 52-year-old Amtrak manager who is half American Indian and half white, became the fifth panelist to be removed. He was

replaced by an alternate, a 60-year-old white woman who is a retired gas company clerk.

The reason for the dismissal was not announced, but people familiar with the case said the juror was suspected of writing a book. His hotel room was searched and a laptop computer was found.

The dismissed juror said later he was devastated.

As court opened Friday, Judge Lance A. Ito said, "The court has found abundant good cause to excuse Juror Number 602." Both sides agreed with the dismissal, he said.

There are now nine women and three men on the jury. The jury has eight blacks, three whites and one Hispanic. The alternate pool has six women and one man.

Also Friday, the court session was delayed by about 90 minutes because the police found a pipe they believed to be a bomb, the latest of several bomb scares during the trial.

It was safely destroyed outside the courthouse. No one claimed responsibility for the object and there were no arrests.

Clinton Weighs Yeltsin Gesture

Reuters

WASHINGTON — President Bill Clinton has welcomed Boris N. Yeltsin's offer to avoid military panoply at a prospective May summit meeting and said he would decide whether to attend "very shortly."

"I appreciate what President Yeltsin said today," he said Friday when asked about the offer to ban military hardware from a Red Square parade marking the 50th anniversary of the Allied victory over Germany.

Russia Affirms Iranian Nuclear Deal

Reuters

MOSCOW — A Russian government official said Friday that Moscow would not bow to United States pressure to stop selling nuclear technology to Iran.

The step came after the U.S. Senate voted Thursday to block a nuclear cooperation deal with Russia if it goes ahead with a plan to sell nuclear reactors to Iran. Washington also plans to raise the issue at high-level talks next week.

The official, Yuri Kotov of the Russian Foreign Ministry's Asia department, told Russia's Interfax news agency that Mos-

cow would proceed with a contract worth up to \$1 billion to help Iran build a nuclear plant at Bushehr on the Gulf coast.

Russia will not "follow orders from third countries," he said, brushing aside U.S. fears that the reactors could help Tehran develop a nuclear arsenal.

The Russian-Iranian program, he said, "does not differ in any way from the Americans' cooperation with, let's say, North Korea."

A senior U.S. official said this week that Secretary of State Warren M. Christopher would discuss the issue with Foreign Minister Andrei V. Kozirev of Russia during talks in Geneva on March 22 and 23.

The official said Mr. Christopher would cite President Bill Clinton's order this past week blocking a lucrative oil deal between an American company

and Iran in an effort to persuade Russia to abandon the deal.

The United States says Iran is engaged on a "crash program" to acquire nuclear weapons.

Russia asserts that the Washington has another motive: to protect the interests of U.S. and international companies in the region.

"The Americans are thinking about the future and do not want competitors appearing on Iran's capacious market," Mr. Kotov said.

Under the deal, signed last month, Russia will help complete construction of one nuclear reactor in Iran, but Russian officials say Moscow could eventually build three more.

The Senate overwhelmingly approved the bill to block the nuclear cooperation pact with Russia if necessary.

Away From Politics

• The retrial of a teenager charged in the 1993 slaying of a British tourist was moved from the rural town of Monticello, Florida, to the city of Gainesville. Both sides said the outcome of the first trial, at which a mistrial was declared, would make it difficult to find enough impartial jurors in Jefferson County, which has only 12,000 residents. (AP)

• Five dinosaur hunters who found the most complete Tyrannosaurus rex skeleton ever dug up have been acquitted in Rapid City, South Dakota, of charges they illegally collected fossils on federal land. (AP)

• A man sentenced to death along with his brother and cousin for beating an elderly man to death was executed by injection by the state of Delaware. Nelson Shelton, 27, had declined to appeal his sentence. He made no final statement. (AP)

• Five members of a tiny group describing itself as born-again Christians have been charged with beating a 25-year-old Korean woman to death during a ceremony to "cast out her demons," the police in Emeryville, California, said. The woman, Kyung-A Ha, was struck at least 100 times. (Reuters)

• A fugitive sought in connection with a fire that killed four Seattle fire fighters has been arrested in Brazil. Martin Pang, 39, was taken into custody in Rio de Janeiro and charged with four counts of murder as well as arson in the Jan. 5 fire at his parents' warehouse, a Brazilian police official said. (AP)



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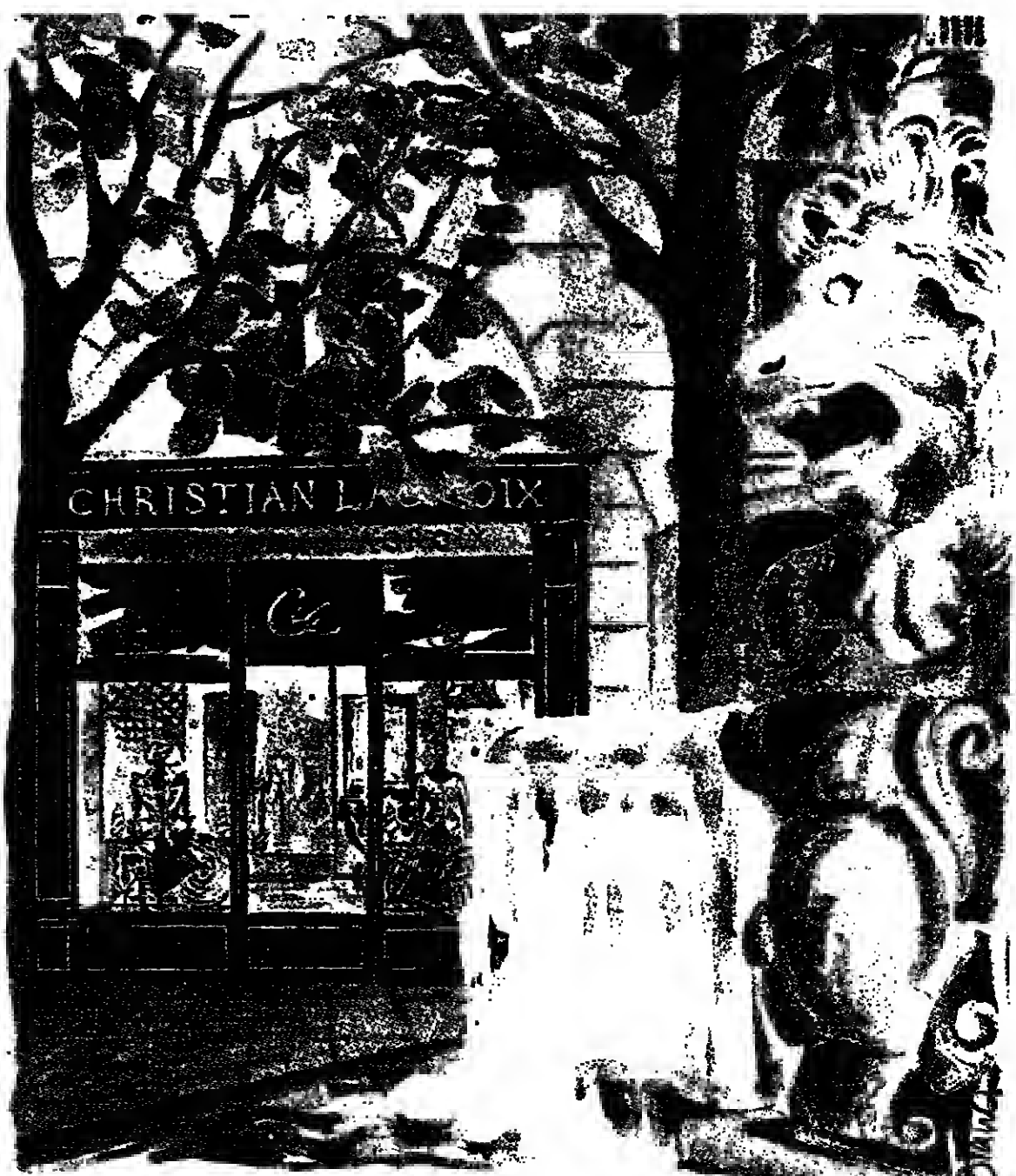
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Sicily Police Seize 15 Mafiosi After Wave of Killings

By Alan Cowell
New York Times Service

ROME — With a speed that would once have seemed improbable, the police in Sicily have arrested 15 mobsters in a night of raids, accusing them of ordering or carrying out a wave of Mafia killings apparently designed to terrorize informers.

The police action, announced Friday, involved 500 men backed up by helicopters. It came after investigators bugged the home of a 34-year-old suspect and intercepted messages about some of the 11 executions that have taken place since Feb. 26 and at least two more that were planned.

For years, the rule in Sicily was that mob killings in the Mafia's heartland remained in-

scrutable, shielded by the Cosa Nostra's regime of omertà — the mob's oath of silence.

But since the 1992 slayings of two judges, Giovanni Falcone and Paolo Borsellino, and the collapse of Italy's old political order, investigators have felt emboldened to pursue inquiries with greater vigor, encouraged by the growing readiness of Mafiosi to collaborate.

The explosion in the number of so-called pentiti — informers, or literally "penitents" — enabled the authorities to round up countless mobsters, including the boss of all bosses, Salvatore Riina, two years ago.

Giulio Andreotti, the former prime minister, is to go to trial accused of Mafia association in September. The charges against him, which he denies, are largely based on the testimony of pentiti.

Over the last month, though, it has seemed

that Sicily's crime clans were fighting back.

Two of the 11 slain persons were related to Mafia turncoats, including Tommaso Buscetta, the first to break the vow of silence. Mr. Buscetta, who is in the United States under a federal witness protection program, provided testimony that enabled the authorities to indict scores of Mafiosi in the 1980s.

Other killings, investigators said, apparently resulted from clan rivalries after the arrest of Mr. Riina. Two killings took place in Mr. Riina's hometown, Corleone. The most recent was an ambush that killed two members of a prominent crime family Tuesday near Palermo.

The police declined to speculate about motives. Almost all the victims were gunned down in spectacular blasts of automatic gunfire — the Sicilian Mafia's chosen tactic.

One figure still being sought in connection

with both the recent killings and a host of other major crimes, including the murder of Mr. Borsellino, is Pietro Aglieri, one of Sicily's highest-ranking Mafiosi.

The raids Thursday, investigators said, were designed to round up the organizers and gunmen directly involved in the shootings.

The police had bugged the home and telephone of Salvatore Barbagallo, one of the accused killers, and intercepted conversations relating to the murders, investigators said. Confronted with the intercepts before last night's raid, Mr. Barbagallo identified the other Mafiosi arrested in the crackdown.

The informer was said to have told investigators that their raid resembled a Mafia operation. "You move just like us, studying the terrain, before you act so the victim has no chance of escape," the police quoted him as saying.

Sarajevo Violence Worries UN Force

Bosnian Commander Assails Cease-Fire as Helpful to Serbs

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — United Nations officers considered fresh steps Friday to halt a slide back to war in Sarajevo, but the Bosnian government accused them of seeking to preserve a status quo favorable to separatist Serbs.

Increasing sniper attacks and violations of a UN heavy weapons ban around Sarajevo are worrying UN officials, while the Bosnian Army chief predicted total war once a cease-

fire formally expires on May 1. The army chief, General Rasim Delic, criticized the UN-supervised cease-fire, saying it had served only to consolidate Serbian war gains.

With reconciliation rising on both sides, the UN Protection Force said it was considering measures to ward off a collapse of security around the Bosnian capital.

Among those measures: fabric screens to shield pedestrians from snipers, patrols to stop hijackings of UN vehicles, and even the possibility of NATO air strikes to destroy artillery and mortars firing in violation of Sarajevo's UN heavy weapons-exclusion zone.

Government troops and Ser-

bian forces surrounding Sarajevo, ignoring the 10-week-old truce, have started sniping at one another and at civilians.

Gunfire at UN planes, which suspended the UN aid airlift to Sarajevo this past week, continued Friday, with two more aircraft hit by bullets.

A UN spokesman, Alexander Ivanov, said that a cargo plane was hit by two rounds while landing Friday afternoon and that a passenger plane was hit a few minutes later.

A UN convoy with 105 tons of food, meanwhile, headed Bihać in northwest Bosnia-Herzegovina on Friday. If it gets through, the nine-truck convoy will be the first to reach Bihać since Feb. 27.

More than 200,000 people in Bihać are dependent on aid. (Reuters, APF)

■ U.S. Backs Longer Truce — Daniel Williams of The Washington Post reported earlier.

The Clinton administration favors extension of a cease-fire in Bosnia beyond May 1, even without first getting agreement as hoped from the Serbs to an international peace plan, Secretary of State Warren M. Christopher said Thursday.

SECRET: Japan's Germ Warfare

Continued from Page 1

ity from war crimes prosecution to the doctors in exchange for their research data. Japanese and American documents show that the United States helped cover up the human experimentation and instead of putting the ringleaders on trial it gave them stipends.

Japan's biological weapons program was born in the 1930s, in part because Japanese officials were impressed that germ warfare had been banned by the Geneva Protocol of 1925. If it was so awful that it had to be banned under international law, the officers reasoned, it must make a great weapon.

The Japanese Army, which was then occupying a large chunk of China, evicted the residents of eight villages near Harbin in Manchuria to make way for the headquarters of Unit 731. "One advantage of China, from the Japanese point of view, was the availability of research subjects on whom germs could be tested. The subjects were called marutas, or logs, and most were Communist sympathizers or ordinary criminals. The majority were Chinese, but there were also many Russian expatriates living in China."

Takao Wano, a 71-year-old former medical worker in Unit 731 who now lives here in the northern Japanese city of Morioka, said he once saw a six-foot-high glass jar in which a Western man was pickled in formaldehyde. The man had been cut into two pieces, vertically, and Wano guesses that he was a Russian because there were many Russians then living in the area.

The Unit 731 headquarters contained many other such jars with specimens. They contained feet, heads, internal organs, all neatly labeled.

"I saw samples with labels saying 'American,' 'English,' and 'Frenchman,' but most were Chinese, Koreans, and Mongolians," said a Unit 731 veteran who insisted on anonymity. "Those labeled as American were just body parts, like hands or feet, and some were sent in by other military units."

Medical researchers also looked up diseased prisoners with healthy ones, to see how readily various ailments would spread. The doctors locked others inside a pressure chamber to see how much the body can withstand before the eyes pop from their sockets.

Victims were often taken to a proving ground called Ando, where they were tied to stakes in a pattern and then bombarded with test weapons to see how effective the new technologies were. Planes sprayed the zone with a plague culture or dropped bombs with plague-infested fleas to see how many people — and at what distance from the center — would die.

The Japanese armed forces were using poison gas in their battles against Chinese troops, and so some of the prisoners were used in developing more lethal gases.

The Japanese Army regularly conducted field tests to see whether biological warfare would work outside the laboratory. Planes dropped plague-infected fleas over Ningbo in eastern China and over Changde in north-central China, and plague outbreaks were later reported.

Japanese troops also dropped cholera and typhoid cultures in wells and ponds, but the results were often counterproductive. In 1942, germ warfare specialists distributed dysentery, chol-

era and typhoid in Zhejiang Province in China, but Japanese soldiers themselves became ill and 1,700 died of the diseases, scholars say.

Sheldon H. Harris, a historian at California State University in Northridge, estimates that more than 200,000 Chinese were killed in germ warfare field experiments. Mr. Harris — author of a book on Unit 731, "Factories of Death" — also says that plague-infected animals were released as the war was ending and caused outbreaks of the plague that killed at least 30,000 people in the Harbin area from 1946 through 1948.

The leading scholar of Unit 731 in Japan, Keiichi Tsumetani, is skeptical of such numbers. Mr. Tsumetani, a professor who has led the efforts in Japan to uncover atrocities by Unit 731, says that the attack on Ningbo killed about 100 people — and that there was no evidence for huge outbreaks of disease set off by field trials.

Many of the human experiments were intended to develop new vaccines or treatments for medical problems that the Japanese Army faced. Many of the experiments remain secret, but an 18-page report prepared in 1945 — and kept by a senior Japanese military officer until now — includes a summary of the unit's research. The report was prepared in English for American intelligence officials, and it shows the extraordinary range of the unit's work.

Scholars say that the research was not contrived by mad scientists, and that it was intelligently designed and carried out. The medical findings saved many Japanese lives.

For example, Unit 731 proved scientifically that the best treatment for frostbite was not rubbing the limb, which had been the traditional method, but rather immersion in water a bit warmer than 100 degrees — but never more than 122 degrees.

The cost of this scientific breakthrough was borne by those seized for medical experiments. They were taken outside and left with exposed arms, periodically drenched with water, until a guard decided that frostbite had set in. Testimony from a Japanese officer said that this was determined after the "frozen arms, when struck with a short stick, emitted a sound resembling that which a board gives when it is struck."

A booklet just published in Japan, after a major exhibition about Unit 731, shows how doctors even experimented on a three-day-old baby, measuring the temperature with a needle stuck inside the infant's middle finger.

"Usually, a hand of a three-day-old infant is clenched into a fist," the booklet says. "But, by sticking the needle in, the middle finger could be kept straight to make the experiment easier."

The human experimentation did not take place just in Unit 731, nor was it a rogue unit acting on its own. While it is unclear whether Emperor Hirohito knew of the atrocities, his younger brother, Prince Mikasa, toured Unit 731's headquarters in China and wrote in his memoirs that he was shown films showing how Chinese prisoners were "made to march on the plains of Manchuria for poison gas experiments on humans."

Japanese troops also dropped cholera and typhoid cultures in wells and ponds, but the results were often counterproductive. In 1942, germ warfare specialists distributed dysentery, chol-

Centrist-Party Split May Imperil Dini

Uncertainty Drives Down Lira

Reuters

ROME — A split in the centrist Popular Party brought new political turmoil to Italy on Friday and raised more questions about Prime Minister Lamberto Dini's chances of survival.

The split, which some analysts believe could tip the balance of power in Parliament against Mr. Dini, drove home the deep political uncertainty that helped send the lira skidding against the Deutsche mark. It fell to a record low of 1,232 lire to the German unit.

The Popular Party, successor to the Christian Democratic Party, which governed Italy for 50 years, has divided over the plan of its leader, Rocco Buttiglione, to join with Silvio Berlusconi's conservative Freedom Alliance for regional elections on April 23.

Mr. Buttiglione's opponents on the left of the party elected their own leader, Gerardo Bianco, on Thursday night. They want to rally behind Romano Prodi, a Catholic economist who is building a center-left coalition to challenge former Prime Minister Berlusconi in a general election expected this year.

The small Popular Party has until now solidly supported Mr. Dini and his stop-gap government, which was installed two months ago from outside the stalemated Parliament.

The Popular Party's 33 members in the lower house of Parliament voted as a bloc for Mr. Dini on Thursday in a vote of confidence that he survived, 315 to 309, on his emergency budget.

Some commentators that believe pro-Buttiglione deputies in the Popular Party could side in any future confidence test with Mr. Berlusconi, whose conservative Freedom Alliance voted against Mr. Dini on Thursday in a move to force a general election.

Mr. Berlusconi, who resigned as prime minister last December when the Northern League pulled out of his coalition, insists that only a rapid general election can give Italy the political stability it lacks.

With his budget through the lower house, Mr. Dini must now deal with the toughest part of his agenda — reforming the costly state pensions system.



Jean Peyrelevade, the chairman of Crédit Lyonnais, listening Friday while the government outlined its rescue plan.

BANK: Crédit Lyonnais to Shrink

Continued from Page 1

Crédit Lyonnais assets and loans in the property, cinema and financial sectors.

The shuffle, in essence, involves Crédit Lyonnais lending money to a state company, which in turn will lend these funds to a new Crédit Lyonnais subsidiary that will contain the bank's transferred assets.

The 135 billion francs of assets are to be transferred from the bank's balance sheet to a new Crédit Lyonnais subsidiary, a holding company to be called Consortium de Réalisation.

The assets being shifted to the consortium will include 42 billion francs of property loans, of which 28 billion are possible loan losses, plus Crédit Lyonnais's specialized banking companies Altus, Société de Banque Occidentale and Banque Colbert.

The bank's cinema holdings, including MGM and theater chains, also are to be transferred to the consortium.

The transfer will be funded by a loan to the consortium of up to 135 billion francs from a state-owned intermediary, SPBI, while Crédit Lyonnais will, in turn, finance SPBI's loan to the consortium, its own

subsidiary, with a separate loan of 145 billion francs. The bank will then have to channel between 34 percent and 60 percent of its future pretax profits to SPBI, the state company.

This state intermediary, meanwhile, will buy up to 10 billion francs worth of bonds that, in theory, should yield funds over a 20-year period to be used to cover loan losses.

Treasury officials said Friday that Crédit Lyonnais's 1994 loss of 12 billion francs would be covered by funds already injected by the government since 1993.

As a result of this complex operation, and the bank's poor financial condition, French Treasury officials, including Mr. Alphonse, conceded Friday that the planned privatization of Crédit Lyonnais would now be put off by at least five years.

Mr. Alphonse, meanwhile, repeated Friday his charges that fraud had played a part in losses at the bank, including fraud connected to the bank's financing of the 1990 purchase of MGM. He declined to go into specifics, except to say that no wrongdoing had been found to have been committed by Jean-Yves Haberer, Mr. Peyrelevade's predecessor.

Berlin Plans A Memorial Of Holocaust

The Associated Press

BERLIN — Berlin will put up Germany's first memorial to victims of the Holocaust in the heart of the city where the extermination of the Jews was planned.

The memorial will be situated in a highly symbolic location, near the site of Hitler's chancellery and bunker, just off Wilhelmstrasse, which was the street of government ministries until the end of World War II.

"This has come 50 years too late but at a moment that is again marked by violence against foreigners, intolerance and anti-Semitism," said Ulrich Roloff-Mömm, the Berlin cultural senator.

Talks Stall in EU-Canada Fish Dispute

Reuters

BRUSSELS — Efforts to resolve a fishing dispute between the European Union and Canada stalled on Friday after Canada

recalled its chief negotiators to Ottawa and a special international meeting on the issue was canceled.

An EU source said a meeting of the Northwest Atlantic Fisheries Organization, set for March 22 to March 24 to try to settle the dispute, was scrapped after Canada and Russia refused to attend.

"The meeting will not take place next week," the source said. No new date has been set. The EU says the main issue in the dispute, which led to the capture of a Spanish trawler, the Estai, on March 9, is the legality of unilateral Canadian measures to protect dwindling fish stocks that straddle Canadian and international waters.

Canada and the European Commission started talks on Thursday after the release of the Spanish vessel, which Canada said was overfishing Greenland halibut, or turbot, the last

major fish resource in the northwest Atlantic.

"It's very important that we stick to our guns on the main issue — that is the legal situation," said Nikolaus van der Pui, a commission spokesman.

"The boat was seized illegally in international waters," Canada says it was forced to act to stop illegal fishing of undersized fish. It justified its action under international law by the doctrine of "necessary defense."

Jacques Roy, Canada's ambassador to the EU, issued a statement Friday explaining that the Canadian negotiating team needed to consult with the political authorities in Ottawa.

Mr. Roy also said that Canada had asked for the postponement of the fishing organization meeting.

The commission, which negotiates for the 15-nation EU, said Canada's unilateral mea-

sures were illegal. It added that it was dismayed by the "refusal" to attend the meeting.

A spokesman said Canada was trying to extend jurisdiction over EU vessels beyond its 200-mile (320-kilometer) territorial limit and impose a unilateral 60-day ban on fishing for halibut.

Mr. Roy said that telephone contact would be maintained from Ottawa, and that EU and Canadian experts would continue work on conservation measures.

The commission said it was ready to develop a satellite fisheries monitoring system and to accept observers from the North Atlantic Fishing Organization, provided they were on all vessels.

It rejected Canadian allegations that the intercepted Spanish trawler had used illegal nets to catch undersized fish.

AIDS: Rampaging Virus Is Killing Off Africa's Future — Its Children

Continued from Page 1

nation's population of 17 million are HIV-positive. An estimated 519,000 Ugandan children have lost at least one parent to AIDS, and the government reports that by 1998 about 150,000 children will have died of it and another 300,000 will be infected.

"What we have seen is staggering," said Omwonyi Ojwok, director of the Uganda AIDS Commission. "The families in particular are simply at a breaking point. You have some adults with 10 orphans in their house, plus their own children. Eventually, you run out of adults to take care of the children."

The town of Kakumto, west of Kampala, has been hit especially hard. An estimated 30 percent of its 70,000 residents are either HIV-positive or have AIDS. Relief workers estimate that there are 17,000 orphans. Some are left on their own, but many more live with grandparents who often are too old to provide the economic and emotional security of a mother and father.

Alandrena Nakabito, 62, was left with six orphans, ages 5 to 13, when two relatives died of AIDS in the early 1990s. Mrs. Nakabito, who reared four of her own children, said that she never expected to be cast in this role.

"I never thought of it," she said, waving her arms in her dark, narrow, two-room hut. "I built this small house for myself." Now eight people, including her 72-year-old sister, live there.

"I would try to help, but I have poor sight at night," Mrs. Nakabito said, referring to Lucy's school work.

Lucy attends Kakumto Central Primary School, where headmaster Kyeyune Gelsuz said that 220 of his 450 students have lost parents to AIDS. He predicts that within five years, 75 percent of his students will be orphans. He said that their attendance is sporadic and their behavior disruptive and that they lag academically.

A study in neighboring Tanzania found that children who have lost their mothers to AIDS "have markedly lower enrollment rates and, once enrolled, spend fewer hours in school" than youngsters with two parents, the World Bank Research Observer reported. The same study concluded that by 2020 the AIDS death rate among children in Tanzania will have cut primary and secondary-school enrollments by 14 percent and 22 percent, respectively.

She said she makes about \$60 a year, adding that she would work harder on her acre of land but age has drained her strength.

She digs only in the morning, resting in the afternoon. The slight woman, whose hands bear scars of a hard farm life, said she was especially sad that she cannot help Lucy Nakabito, the 13-year-old, with her studies. Lucy can go to school only because the World Vision relief organization pays fees for her and about 2,500 other orphans in Kakumto.

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MEXICO: Economic Crisis Spoils the Dream for the New Middle Class

Continued from Page 1

has been a thief and a liar, and this one is, too."

Asked what could be done to restore his faith in the government or President Ernesto Zedillo, Carlos replied: "Nothing. God forgive me, but if the Pope were president, I wouldn't believe in him."

The small living room, where the furniture is covered with plastic to make it last longer, is dominated by an intricate, fully furnished doll house, a gift from Carlos to his wife two years ago, when times were good.

"The real question is what will happen to my children and grandchildren," Carlos

said. "Will they be able to go to school? Will they be able to own a house or a car? That is the big question."

Mr. Salinas, who is roundly blamed for the crisis — slashed tariffs, making imported goods much cheaper, and a huge inflow of foreign capital made credit terms easy. Both Maria and Catalina got credit cards without asking for them. With fixed interest rates and a booming economy, Maria ran up thousands of dollars on her card. Banks raised her credit limit.

The national binge ended in December, when President Zedillo, newly installed, was forced to devalue the underused peso, causing interest rates to soar — and ending the dream.

Maria, an architect, lost her job as construction came to a virtual standstill almost overnight. She now works part-time as a secretary. Annual interest rates that before the devaluation were fixed at 34 percent — high by U.S. standards but reasonable in relation to higher Mexican inflation rates — hit 92 percent on Wednesday. More than one-third of her \$500 monthly salary goes to pay the interest on her \$3,000 credit card bill.

Maria said she was barely able to pay the interest and is reducing the principal only about \$15 a month because she has to support the family.

"I don't want to default and lose my credit rating," she said.

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Mirages and Broken Mirrors

The Victims in Former Yugoslavia

Bilingual text (French and English) and photographs by Charley G. Culp
106 Black and White photographs 160 pages



As the fighting started in former Yugoslavia in the summer of 1991, I wondered if I should follow the fighters and record their victories and defeats, ride ambulances and load the dead and the wounded or climb around smoldering ruins and photograph the material destruction.

In September, while waiting in Ljubljana for a bus for Zagreb, I noticed a man with a bag and a bundle eating a sandwich.

He had the unsteady step of someone who did not know his way around and eyes that were almost blind to his surroundings. He had just arrived but did not look as if he knew where he was going or indeed if he was going anywhere.

He was a refugee. I looked at him and he looked back at me. I took a picture. We said nothing. He took all I knew that he felt as if he were being pilloried and that he did not know what he had done to deserve it. I did not ask for his name nor where he came from nor did I hear his story.

Then my bus came and I left for Zagreb. Upon arrival I knew that in this war, in varying degrees, everybody would be a victim if not a refugee.

Seeing that poor man at the Ljubljana bus station made me realize that I did not know if I saw a Croat or a Bosnian or a Serb or an Albanian or a Gypsy or a Jew. I saw a man who might have been any of the above and who was forced to flee because of his identity.

He was yet another victim of the war in progress.

The author's proceeds from the sale of this book will go directly to associations such as Médecins Sans Frontières and Médecins du Monde who are trying to help, as well as in the refugees.

Those wishing to contribute to the publication of this book should send donations to:

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Ignoring Mercy Pleas, Singapore Hangs Philippine Maid

SINGAPORE — Singapore on Friday hanged a Philippine maid convicted of a double murder, despite protests in her country and a last attempt by lawyers to delay the execution.

Flor Contemplacion, a 42-year-old mother of four, was executed at dawn at the Changi high-security jail as a small group of Philippine lawyers and friends held a vigil outside the gates.

Two Thais and a Malaysian, all convicted for trafficking in marijuana, also were hanged Friday morning, an official said.

Singapore's president, Ong Teng Cheong, rejected an appeal Wednesday by President Fidel V. Ramos of the Philippines to postpone the maid's execution.

The government said that there was no merit in claims by Mrs. Contemplacion's lawyers that

they had new evidence to support a stay of her execution and retrial.

In an 11th-hour attempt to delay the hanging, Singaporean and Philippine lawyers flew in a former inmate at Changi who claimed Mrs. Contemplacion had denied the murders despite having pleaded guilty during her trial.

"I believe in her innocence," the woman, Virginia Parumog, 21, said at a news conference. She said Mrs. Contemplacion told her that she had been under duress before the court hearings.

A Singapore government official denied Miss Parumog's claims earlier as "completely baseless."

Jose Aguilera Grapillon, executive director of the Philippine Integrated Bar and one of several Philippine lawyers here, said he was saddened by news of the execution.

"We really feel that given enough time, we could have somehow done something to save her," Mr. Grapillon said. "In a different atmosphere, given proper help, she could have been saved."

Mr. Grapillon said that Filipinos could take comfort from the fact that "we tried everything up to the very last minute."

Mrs. Contemplacion was sentenced to death in April last year for the May 4, 1991, murders of another Philippine maid, Della Maga, 35, and Miss Maga's 5-year-old charge, Nicholas Huang.

Miss Maga was found strangled with an elastic cord in the five-room apartment where she was employed, while the boy was found drowned with his head in a half-filled pail.

Mrs. Contemplacion was arrested hours after the two bodies were found. At her trial, she said

she could not understand why she was overcome by an urge to harm Miss Maga while chatting with her.

Mrs. Contemplacion bade a tearful farewell Thursday to her children, aged 15 to 21.

The Singapore government on Wednesday also dismissed a claim by another Philippine woman, who said she had overheard conversations pointing to Mrs. Contemplacion's innocence.

"The Singapore government carefully investigated this 'new evidence' and found it to be untrue," a government statement said, adding that Mrs. Contemplacion admitted both murders at her trial.

There are 65,000 Philippine servants in Singapore, each earning a minimum of 250 Singapore dollars (\$177) a month.



INTEGRATED PARADE — Women in a South African signal regiment passing in review Friday near Pretoria. The unit incorporates members of the former Defense Force and of the military wing of the African National Congress.

North Korea Snubs UN Nuclear Pact

VIENNA — North Korea is ignoring a nuclear safeguards pact with the United Nations' atomic agency and insists instead that nuclear inspections are now based on its accord with the United States, diplomats and agency officials said on Friday.

The International Atomic Energy Agency said that Pyongyang was cooperating with agency inspectors over the freeze of its key nuclear sites, but Western diplomats argued that wider access to other atomic installations in the months ahead may be denied.

"We, backed by our board of governors and the Security Council," said that the "continuing activity, including monitoring of the freeze, is on the basis of the safeguards agreement, which remains valid," an agency official said.

"The North Koreans do not accept the continuing validity of the safeguards agreement," the official added.

The agency negotiates safe-

guards agreements with signatories of the Nuclear Nonproliferation Treaty to enable experts to check that nuclear sites and materials are not used for military purposes.

"There is some concern," a Western diplomat said. "The problem is that the agency has not been able to do what it wants to do in terms of inspecting past nuclear activity and the measures and observations it wants to put in place."

In its Oct. 21 accord with the United States, North Korea agreed to remain within the treaty and abide by its UN agreement.

The agency official said North Korea was strictly observing the nuclear freeze and had agreed to allow more inspectors into the country.

"We are reassured by the excellent cooperation we have had from the North Koreans," he said. "But they have given no promises as to the future of inspections we were conducting between May 1992 and early 1993."

BRIEFLY ASIA

Kabul Says It Dislodged Taleban

ISLAMABAD, Pakistan — Afghan government forces pushed out the Taleban student militia from several strategic positions around Kabul and killed more than 100 of them, official Kabul Radio said Friday.

The operations took place Thursday night and Friday according to the broadcast, which was monitored in Islamabad. It said government forces had captured three positions from Taleban south of Kabul on Friday, killing 41 of the militia fighters.

Three strategic hills — Darni Aman, Rishkor and Taj Beg — south of Kabul were captured by the government forces in an operation that began in the morning, it said. No independent confirmation was available.

The radio said the other Taleban members were killed in fighting on Thursday night elsewhere to the south and west of Kabul. The government forces also captured two tanks, one armored vehicle and seven ammunition dumps, it said.

Forces loyal to President Burhanuddin Rabbani have reported continuing successes in repulsing Taleban attacks around Kabul in the past few days. Taleban, which reached the gates of Kabul last month after a sweep through south-eastern Afghanistan, had its first defeat last week when it was driven out of Karte Seh, which it had taken from the opposition Shiite Islamic Coalition Council faction. (Reuters)

Vietnamese Flee Philippine Camp

MANILA — About 30 Vietnamese denied entry to the United States escaped from a refugee camp rather than be forced back to their homeland, the police said Friday.

The police discovered the group was missing when they evicted remaining Vietnamese refugees from the camp Thursday and sent them to another one. The refugees are to be returned to Vietnam later this year. Philippine authorities had said that 272 Vietnamese were at the camp in Bataan Province when the police forcibly transferred them to another camp.

But on Friday, Master Sergeant Ellen Caraan of the Bataan provincial police command said the missing refugees might have started slipping out of the camp in December. A search for them was under way, she said. (AP)

Murayama Rejects War Comment

TOKYO — Japan's prime minister rejected on Friday remarks by a former justice minister who had said Japan's involvement in World War II was an act of self-defense.

"Japan, without doubt, perpetrated acts of aggression in Asia," Prime Minister Tomiichi Murayama said.

A former justice minister, Seisuke Okuno, said Thursday: "We did not fight Asian people. It is the United States and Britain that waged a war of aggression."

Japan invaded much of East Asia before and during World War II, killing millions of people. Mr. Okuno's remark was part of a growing debate over whether Parliament should approve a resolution on the 50th anniversary of the war's end on Aug. 15 apologizing for Japan's role in the war. (AP)

Pakistan Seizes 6 in Terror Probe

ISLAMABAD, Pakistan — The police have detained six men they believe have links to Ramzi Ahmed Yousef, the man accused of masterminding the 1993 bombing of the World Trade Center in New York.

The six were detained March 11 in the northwestern city of Peshawar. Three are Sudanese, one is Iranian, one is Pakistani, and another is a naturalized Pakistani born in Syria, the police and a leading English-language newspaper said Friday.

Pakistan authorities have not released any information linking the men to the World Trade Center attack or any other serious crime. But investigators hope they can find additional clues about who was behind the New York bombing and other acts of terrorism. (AP)

Lord Lovat, Who Led Troops to Piper's Tune on D-Day, Dies

LONDON — Lord Lovat, 83, the Scottish aristocrat who led his brigade onto the beaches of Normandy on D-Day with a Highland piper at his side, died Thursday.

During the D-Day assault on German-occupied France on June 6, 1944, Lord Lovat refused to take cover, standing up all the time to inspire his commands.

In the thick of battle, his Scottish piper, Bill Millin, said of Lord Lovat: "He was strolling along at the head of the column as if he were out for a walk round his estate in Scotland."

Not long into the fighting, Lord Lovat was badly wounded and flown back to Britain.

Lord Lovat was the 17th baron and 24th Chief of the Clan Fraser of Lovat, who in his military career won Britain's Distinguished Service Order, the Military Cross and France's Croix de Guerre.

Greatly admired by Churchill, Lord Lovat was offered a political career after the war.

But he preferred to go home and resume control of his ancestral lands.

Lord Lovat handed over his estates to his family in 1965 because of his fear of death duties and the family's history of heart trouble, but the decision proved a disaster and the estate went into decline.

Odetta Hallows, 82, Agent for Britain in World War II

LONDON (AP) — Odetta Hallows, 82, a British agent tortured by the Gestapo in World War II and the first woman awarded the George Cross, died Monday at home in Walton-on-Thames.

Mrs. Hallows, a native of France, was awarded the George Cross, Britain's second-highest honor, in 1946 and France's Legion of Honor in 1950. Her story was made into a 1950 film, "Odetta."

As Odetta Sanson — she married Roy Sanson, an Englishman, in 1931 — she volunteered for the First Aid Nursing Yeomanry in 1940. She soon came to the attention of the

Special Operations Executive, which was working with the French Resistance.

In November 1942, she landed by boat in the south of France on a mission to set up a Resistance network in Auxerre. When that mission was abandoned, she went to work with the Resistance network in Cannes operated by Captain Peter Churchill, whom she later married.

Within weeks, German and Italian forces swept through the Cote d'Azur, forcing them to flee to the Alps, where she was betrayed and arrested.

Mrs. Hallows endured 14 sessions of interrogation in a Paris prison, where her back was burned with a hot iron and her toe nails wrenched out. She refused, however, to identify two agents.

She married another former British agent, Geoffrey Hallows, in 1956.

Almad Khomeini, 48, Son of Late Iranian Ayatollah Nicosia (Reuters) — Ahmad Khomeini, 48, the son of

Iran's late spiritual leader Ayatollah Ruhollah Khomeini, died Friday, the official Iranian press agency IRNA said.

Mr. Khomeini, a cleric who had an informal role in Iran, was taken to a hospital in Tehran on Sunday after a heart attack.

Mr. Khomeini was his father's closest aide during the decade the ayatollah was at the helm of the Islamic republic until his death in 1989.

He held no government position but was a member of several policymaking councils and had the high-profile position of overseer of his father's shrine south of Tehran.

Henry R. Lieberman, 78, a former foreign correspondent and editor for The New York Times, died of a stroke Wednesday in New York.

Wolfgang Herich, 71, a philosopher who was jailed in East Germany in 1957 for his criticism of communism, died Wednesday in Berlin.

Heinrich Sutermeister, 85, the author of a wide range of

orchestral and operatic works, died of heart failure Thursday in Morges, Switzerland.

Roumie Kray, 61, a convicted murderer who shared gangland notoriety with his twin brother in the 1960s, died Friday after collapsing in prison.

Tomio Yamamoto, 66, a former

Japanese agriculture minister who actively opposed the liberalization of the rice market, died of liver failure at a Tokyo hospital Thursday.

Magda Lanculescu, 66, a soprano who was Romania's top opera singer, died Thursday after suffering a stroke.

Clinton Urged to Cut Secret Data for UN

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Republican leadership of the House and the Senate has asked President Bill Clinton to suspend most sharing of U.S. intelligence with the United Nations pending completion of a government investigation into whether and how the UN misused classified documents in Somalia.

Newt Gingrich of Georgia,

the House speaker, and Bob Dole of Kansas, the Senate majority leader, said in a letter that the discovery of some unprocessed U.S. secrets at a vacated UN office in Somalia late last month called into question "the adequacy of existing U.S. procedures and policies" for intelligence-sharing.

The lawmakers, who were joined by six Republican committee chairmen with jurisdiction over intelligence and UN matters, said they realized that the incident was still being in-

vestigated, but noted that "the potential for the disclosure of intelligence sources and methods was significant."

They said the government's investigation should "receive the highest possible priority," and that in the meantime Washington should only share intelligence needed to protect the safety of deployed forces in UN peacekeeping operations.

They also said the investigation — being conducted by the inspector-general of the U.S.

Central Command in Tampa, Florida — should be widened to involve officials of the Defense and State departments and the CIA.

Kenneth Bacon, the Pentagon spokesman, said Thursday that he had "no reason to believe that the Central Command review won't be adequate."

An administration official said the Republican letter was "political" — part of an existing style of attacking the UN.

BOOKS

AMERICAN TABLOID

By James Ellroy. 576 pages. \$25. Alfred A. Knopf.

Reviewed by Janet Maslin

CHARACTER in James Ellroy's densely malevolent new novel, "American Tabloid," says, "I'm saying it's so big and audacious that we'll most likely never be suspected," as he proposes a plot to assassinate President John F. Kennedy.

"I'm saying that even if we are the powers that be will realize that it can never be conclusively proven. I'm saying that a consensus of denial will build off of it. I'm saying that people will want to remember the man, as something he wasn't. I'm saying that we'll present them with an explanation and the powers that be will prefer it to the truth, even though they know better."

Ellroy, a skilled purveyor of brutally tough prose, assumes the same sort of glibness on his readers' part. Tapping into an enduring popular vein of paranoid fantasy, he extrapo-

lates from Kennedy's assassination to create a scheme that's as intricate as it is irresponsible.

Oliver Stone's "JFK" looks like the Disney version beside Ellroy's web of triple-dealing operatives, hapless thugs and public figures — including Howard Hughes, J. Edgar Hoover and Jimmy Hoffa — whose private activities are freely imagined and embroidered here.

What command attention are the sheer intricacy of the author's plotting, the depth of his bottomless cynicism and the staccato energy of his prose.

Though California crime stories are his usual milieu, Ellroy segues into political intrigue without missing a beat or changing his name. Deadly mayhem rears its head at regular intervals. ("They left a cable clamped to Sal's tongue. Voltage, buried his face shiny black." "Pete blew his brains out halfway through a rosary.")

Navigating their way through this novel's sea of crooks and opportunists are three pivotal tough guys who give the story its back-stabbing intensity.

One is Kemper Boyd, "still too handsome to live," who is attracted to the Kennedy family even as he agrees to spy on them for Hoover, and whose taste for high living lands him on the payrolls of the FBI, the CIA and the U.S. Senate Select Committee on Investigations.

Another is Ward Little, a friend of Boyd's and an ex-Jesuit seminarian, with an admiration for Robert Kennedy that turns dangerous during the story.

There's also Pete Bonduant, the Canadian hit man and extortionist who is responsible for many evils, including the deaths of his own parents and brother. "People have this tendency to tell me things they don't want to," Pete says, with admirable understatement.

The chicanery that Ellroy creates for this threesome is so complicated that it requires constant summarizing and repeating of plot points.

Memos, letters and transcripts of taped conversations are all too necessary to make this story "slow and easy for the stupes in the peanut gallery."

For all its stylistic economy, the book often sprawls.

Movie stars' sexual preferences and proclivities are used to heighten the inside-dirt ambience of the tale.

For every bit of cleverness engendered by this name-dropping — as when Boyd mischievously creates the rumor of a President Kennedy-Marilyn Monroe affair — there's sure to be something specious, like the casual claim that Monroe slept with pizza delivery boys and Rin Tin Tin's trainer.

At such times, Ellroy reveals much more about the liabilities of fact-bending fiction than about other types of crime.

Janet Maslin is on the staff of The New York Times.

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THE WORLD'S DAILY NEWSPAPER

Herald Tribune

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Clinton's Gamble on Ulster

There was more to celebrate than usual on this Saint Patrick's Day. After centuries of animosity between the British and the Irish, decades of civil warfare and a terrible record of violence — especially on the part of the Irish Republican Army and its supporters — peace appears to be on the horizon. There has been plenty of compromise all around, and leaders on both sides of the Irish Sea have good cause to celebrate the progress made.

In his enthusiasm to help the peace process, President Bill Clinton has paid special attention to Gerry Adams, head of Sinn Féin, the political arm of the Irish Republican Army. A year ago, over the opposition of the British, Mr. Adams was granted a visa to visit the United States for the first time. On a subsequent trip, he was authorized to travel more extensively. And now his organization has opened an office in Washington and been given permission to raise funds in the United States. In addition, Mr. Adams was invited, with others, to the White House for a Saint Patrick's Day reception Friday.

It has been said that the president is pursuing a carrot and carrot approach by extending an increasingly warmer reception to the Sinn Féin leader. It is a risky policy, since a single bomb in Limerick or Liverpool — whether it had any connection to Mr. Adams or not — could call Mr. Clinton's approach into question. But so far it seems to be producing results. Mr. Adams has delivered on an

IRA cease-fire, negotiations are proceeding on schedule, and for seven months, the truce has held.

In London, Prime Minister John Major is reported to be greatly distressed by Mr. Clinton's invitation to Mr. Adams. That is understandable: he remembers the Gerry Adams who praised bombers and condemned British policy at every turn. The White House argues that it is not turning its back on a friend or making a fool of itself by giving too much to a participant in the negotiations who has yet to prove his good faith. It says its aim is merely the conventional one of bringing in the pariah, treating him as a serious player and being clear about expectations being met.

It is a gamble. The United States is not, and should not be, a participant in the negotiations over the political future of Northern Ireland. But the United States can support every step taken toward peace and encourage every individual whose cooperation is indispensable in this effort. This includes Prime Minister John Bruton of Ireland and the Ulster Catholic leader John Hume, who were welcomed in Washington on Friday along with Mr. Adams, who has come a long way to the peace table. What the administration needs to do is be as clear as it claims it is about what exactly it is rewarding and what it will continue to penalize if it must.

—THE WASHINGTON POST.

The Glass Is Really There

Three years ago, Elizabeth Dole, then U.S. secretary of labor, initiated an investigation into the so-called glass ceiling. The glass ceiling, women and members of minority groups charge, is what they crashed their heads against on their climb up the corporate ladder. You can go this far, the men on the top rungs seemed to say, and no farther.

The bipartisan Glass Ceiling Commission has now reported that, yes indeed, there is such an invisible barrier. Despite 30 years of affirmative action, 95 percent of senior management positions are still held by white men, who constitute only 43 percent of the work force.

Affirmative action has borne more fruit at lower levels. White women hold close to 40 percent of the jobs in middle management, but black women hold only 5 percent and black men even less. Something is blocking their further advance up the ladder, and it is not just a lack of qualified candidates moving through the pipeline. Thirty years has seen a big jump in the number of women and minority members who have the education and skills to move up. But it appears not to have been long enough to erase the fears

and stereotyped preconceptions employers bring to female and minority candidates. No employer would assume that a white male is too lazy, ill-trained or family-bound to be successful. Yet those assumptions are constantly brought to bear on Hispanic, black and female applicants, the report suggests. Furthermore, women and minority members do not receive the mentoring and other support that white men automatically receive from other white men.

The report should be required reading for Senator Bob Dole, who sponsored the legislation establishing the commission but is now trying to end the very programs that may one day demolish that glass ceiling. He might also reread the autobiography he wrote with his wife several years ago. On her first day at Harvard Law School, Elizabeth Dole recalled, a male classmate asked her what right she had to take the place of a man who could be counted on to make good use of a high-powered legal education. Although Mrs. Dole later crashed through the glass ceiling, right then and there she had a very clear view of its reality.

—THE NEW YORK TIMES.

Tired of Evolving? Relax

Scientists say that human evolution may be at an end. Natural selection is stopping, no doubt as a result of natural selection. Homo sapiens, always the finest proof of the survival of the fittest, appears to have concluded that it is fit enough.

Evolutionary theorists have their own explanation. There are no more isolated ecosystems where mutations can evolve, which is a nice way of saying that when people spend a lot of time by themselves they turn very weird.

But what is the ontological import? Have we stilled in a fit of complacency, so happy with the product that any further tinkering is unnecessary? Or after eons of working at it, have we decided we cannot handle one more rewrite?

Perhaps the entire species has come down with the first known case of chronic evolutionary fatigue syndrome.

While intellectuals on the left and right argue about the proper genetic explanation for America's social problems, "the human line," as the experts call it, has decided to cash in its chips. As William K. Stevens noted in *The New York Times* this week (*NYT*, March 16), lions and leopards and saber-toothed cats no longer carry off the unfit. So couch potatoes are just as safe as aerobics instructors.

On the positive side, this means we can relax. We do not need to read Deborah

Tannen anymore because we are never going to improve communication between the sexes. We do not need to listen to Martha Stewart anymore because we are never going to cut up those dollies for cake decorations. We do not need to fret over our children's eating habits and manners; they will not be any thinner or more sensitive than we are.

But is this the right moment to freeze the frame? We might try to adapt a little beyond stuffy stases, the baseball strike, platform shoes and the Brady Bunch. And what if those ambitious insect race snails past us while we are glued to F. Lee Bailey sparring with Marcia Clark?

The scientists predict that we will eventually take our future into our own hands through genetic engineering. Given how well attempts to change society on the basis of science have gone in the past, it will not be pretty. It is bad enough when your 11-year-old comes to you and wants her navel pierced; imagine when she announces her intention to be re-engineered as Courtney Love.

The prospect conjures up a "Star Trek" moral fable: Captain Kirk, standing on the deck of the *Enterprise*, looking sadly back at Earth. "They were a fine species," he says, "until they tried to better themselves genetically."

—THE NEW YORK TIMES.

Other Comment

Mideast: The Pressure to Talk

No one knows exactly what nudged Israel and Syria back to the negotiating table, but certainly a mutual perception that time is slipping away played a big part in breaking the deadlock.

Israeli voters could elect a government [next year] whose policy differs dramatically from Prime Minister Yitzhak Rabin's. Benjamin Netanyahu, the prospec-

tive prime minister if the conservative Likud Party forms the next government, has made it clear that under his leadership the peace process with Syria and the Palestinians would be effectively suspended.

All of which may yet prove again that in international relations a ticking clock — or a burning fuse — can be a highly effective mechanism for concentrating minds on the task at hand.

—Los Angeles Times.

Perhaps NATO Can Grow Without Angering the Bear

By Stephen S. Rosenfeld

WASHINGTON — Almost without anyone saying so, the way is being opened to a brightly beckoning goal of American diplomacy — to make an undivided Europe safe for democracy and to do so without leaving Russia angry and in the cold.

Not only is the United States with its allies moving deliberately to start bringing the former Soviet satellite nations into NATO, still the premier global security organization and the lead lever of American influence in Europe, Washington is, at the same time, easing Russia's real and professed fears that alliance expansion would diminish its security.

If all this works out over the next year or so, the Clinton administration can fairly claim it is getting the best of both worlds on the central global issue — and central Clinton priority — of the future of Europe. Washington would be securing the gains democracy has made in Europe since the Cold War ended and providing the security underpinning of a stable, integrated Europe — with Russia, but without an extended and disturbing Russian sphere of influence.

For a long time this looked to be a circle

that couldn't be squared. Poles, Hungarians, Czechs and others, fearing to be squeezed by Russia, sought out the comforts of NATO membership. Moscow stiffened at what it claimed was the relentless movement of a potentially hostile alliance toward its borders. Washington seemed caught in the middle.

American and Russian diplomacy, however, are showing maturity. The United States keeps up a level of principled consistency in supporting NATO's expansion to other democratic states and in assuring Russia that expansion poses it no peril. The Yeltsin government is finding it possible to consider supports for Russian security other than by insisting that NATO take no new members abroad.

This could not have been easy for the Russian government, which faces political and nationalist resistance in the military and in the Duma. Nonetheless, Boris Yeltsin has gone ahead to launch proposals that, he apparently believes, could allow his country to commence the Atlantic alliance's eastward expansion.

The new proposals go beyond the idea that has been kicking around for some sort of compensatory special relationship between NATO and Russia. The Russian ambassador, Yuli Vorontsov, now speaks of a mutual nonaggression pact or pledge between the alliance and Moscow.

Moscow reportedly is also proposing restrictions on the deployment of nuclear arms and Western troops in Central Europe. Further, Moscow wants confirmation that Russia itself may eventually join. These matters are not universally or warmly accepted in parts of NATO and will require, but surely receive, much further diplomatic massage.

Some in Central Europe, and some of their friends among their American kin, remain fearful that the American government will succumb to Russian wiles and accept arrangements that compromise the independence of the Central Europeans.

It is not that American diplomats can automatically be trusted to be principled, smart and tough enough not to abandon Central Europe to life in Russia's shadow. But the powerful collective recollection of Yalta and the openness of today's diplomatic dealings should build in a counter-

vailing force on the side of responsibility. The bargain now inching into view — an expanding NATO, a reassured Russia — would transform several bedeviling issues. It could let the United States escape the ambiguities of NATO's Partnership for Peace — is it a step on the road to full membership? A Russia alert to the benefits of Central European stability presumably would be ready to see NATO take in not just the relatively easy cases of Poland, Hungary and the Czechs but the hard cases — including Ukraine and the Baltics. Otherwise, an invidious new line, between the secured and the unsecured, might again be drawn in Europe.

Three months ago, just about everybody was down on Russia — for poor performance on Chechnya, reform etc. Now the Europe-NATO equation is becoming clearer, the International Monetary Fund finds Mr. Yeltsin's reforms worth taking a big new chance on, and Moscow has accepted human rights monitors in Chechnya. Things will go up and down in Russia for a long time. We should savor and exploit the better times.

The Washington Post.

In the Mideast, Time and Patience Are Running Short

By Gideon Samet

TEL AVIV — It was one of his best trips to the region, declared Secretary of State Warren Christopher, his face ashen after a second marathon session this week with President Hafez Assad of Syria. It was also a perplexing visit. In a peculiar way, characteristic of the meandering Middle East peace process, the progress achieved could feed both hope and sober disenchantment.

On the eve of the secretary's arrival, Foreign Minister Shimon Peres of Israel agreed with Yasser Arafat, the PLO chairman, on a timetable to expand Palestinian self-rule in the West Bank. Mr. Peres called this a "breakthrough." And Mr. Christopher fell just short of such rhetoric after extracting a promise from the Syrian leader to resume ambassadorial negotiations in Washington.

Arab spokesmen, and some Israeli observers, were much more reserved. For beyond a promising facade, a deeper truth lies: Everything about the peace effort is running short — patience on both sides, strong leadership, pub-

lic support and especially time. The Peres-Arafat agreement, for instance, aims at no more than concluding a working paper by July 1. Implementation will start only then, exactly a year after the date stipulated by the Oslo-Cairo accords to have the job fully done. It involves a very tall order, including the withdrawal of Israeli forces from population centers on the West Bank, holding elections and handing most of the territory to Palestinian self-rule, against resistance by Jewish settlers.

Equally, Mr. Christopher's achievement in Damascus can only ensure more talks on a rather insignificant level, thus far futile. The crucial issue of the Golan Heights will not be on the Washington agenda at all.

Such poking at the festive balloon of Mr. Christopher's recent shuttle is necessary. The major players will not offer a realistic assessment of the status of the peace process. Each has a reason to inflate prospects. The secretary

of state could hardly fly home without some announced progress. President Bill Clinton was sufficiently embarrassed in Damascus when he visited in October. Mr. Assad, not wishing to antagonize him further, relented a bit.

In Israel, the Labor leadership needed an urgent uplift in the face of severe domestic problems, hurting it in the opinion polls. Mr. Arafat, gradually weakened and constantly accused of foot-dragging, nearly had to join in.

Looking over that scene are the approaching election years in the United States and Israel. Prime Minister Yitzhak Rabin tends to move cautiously in the face of a narrowing of domestic support — all the more so, he admits, when elections are not far behind. As time passes, a dangerous decline threatens the historical achievement of two years ago. Diplomatic pep talks will not change this. What is lacking is not the readiness to make peace or even to pay with painful conces-

sions. The spirit is still willing; the political flesh is weak — and time is running out. There is peace fatigue.

No agreement between Israel and the Arabs has ever been fully achieved without strong, creative American involvement. Mr. Christopher's optimism notwithstanding, what is called for now is more than the suave diplomatic tango he's been dancing here.

A Camp David approach, such as enabled the Israeli-Egyptian peace accord to be reached under President Jimmy Carter, comes to mind. Nothing short of so urgent a formula could stop what otherwise will be a countdown to disaster.

This is no favor for Clinton administration is being asked for by a friend in need. Saatchi success from the jaws of likely failure will also save America from the dire regional consequences of a failed peace process.

The writer is a member of the editorial board of the *daily Haaretz*. He contributed this comment to the *International Herald Tribune*.

More There Than Terror

By Anthony Lewis

JERUSALEM — It feels a long way from the handshake on the White House lawn. The hopes raised by Yitzhak Rabin and Yasser Arafat that day in September 1993 have been worn away by the grinding details of peacekeeping, by political hesitation and by terrorism.

The Oslo agreement and the declaration signed at the White House were always going to be targets of terrorism by opponents. Still, the sight of mangled bodies on television has been devastating. The peace process is now in a real sense hostage to terrorism.

Mr. Rabin's standing has suffered. Polls show him well behind the Likud leader, Benjamin Netanyahu, who opposed the Oslo accord. Some say that Mr. Rabin, having taken the bold step of starting on the road to peace with the Palestinians, has fallen into hesitation in carrying out the Oslo plan.

"We are paying the price of uncertainty, not of the peace with the Palestinians," Deputy Foreign Minister Yossi Beilin, a key supporter of the peace accord, said in an interview. "People hate what we have today: no peace, no war, terrorism, provocations by the settlers. People want leadership."

After the killings in Hebron a year ago, critics say Mr. Rabin should have acted at once to remove the Jewish extremists who had settled, provocatively, in the center of that Arab city.

The settlements planted around the West Bank are a main obstacle to carrying out the next phase of Oslo, Palestinian elections. Israeli troops are supposed to be redeployed out of Palestinian population centers first, and settlers worry about being attacked.

The Peace Now movement has urged the government to dismantle 27 small settlements. Or the government could close the tenuous settlements in the Gaza Strip. One, Netzarim, has six or eight families guarded by 200 soldiers.

Mr. Rabin has taken the position that he will not discuss removing settlements until negotiations start on the final status of the West Bank, in May 1996 under Oslo's terms. But Israel is due for elections in October 1996, and serious peace negotiations are unlikely after this year.

Mr. Beilin suggests forgetting about the interim phase under Oslo and going right to the final-status talks. Regardless, agreement will be difficult. Palestinians fear they will get only small pieces of the territory, cut up by settlements and roads. A weak Israeli government seems unable to make confidence-building gestures.

But against all the difficulties, there is a different reality in Israel today. Most Israelis recognize the existence and yearnings of Palestinians in a way they once did not. However stumblingly, however hesitantly, they are talking. Maybe the glass is half full.

The New York Times.

Castro in Paris: Kisses, Croissants, Moral Betrayal

By A. M. Rosenthal

NEW YORK — No question at all, it was a real fun time for the hosts and the guest at the combination house party and political fund-raiser the Mitterrands threw in Paris for Fidel Castro.

Mr. Castro got croissants and kisses from Madame Danielle Mitterrand. And, even more delicious, the wife of the president of France announced on television that from the moment she laid eyes on Mr. Castro in 1974 she knew he was not a dictator.

Speaking as a Socialist she had the pleasure of telling France that he had accomplished the "summit" of what socialism could do for his country, which is probably true. She further disclosed that Mr. Castro had brought equality to the Cuban people.

Mr. Mitterrand had the thrill of again sticking his finger in the American eye, by giving Mr. Castro military honors and all that. But, *bonjour tristesse*, what's this? The cabinet of Prime Minister Edouard Balladur, a man who hopes to succeed Mr. Mitterrand, did not share the Mitterrands' enthusiasm, and refused to meet El Supremo.

So this need not become one more spitting match between France and the United States, although that seems to be the Mitterrands' intent. But it is far more interesting. It is a fine specimen of a particular kind of Western moral betrayal: the habit of many intellectuals, politicians and diplomats who preach democracy, and live within its shelter, to promote their favorite dictatorships.

I suppose we have to recite the truth about Mr. Castro again, because by honor-

ing and praising him the Mitterrands falsified who he is and what he does.

Since 1959, he has ruled by terror and oppression, by incarcerating or killing dissidents, by a one-party system, by suffocating intellectual and journalistic expression — in sum, by all the techniques of dictatorship he learned from his Leninist-Stalinist theology.

Fidel Castro built his regime on the defeat of the nasty Batista dictatorship. That hardly absolves him. Replacing tyranny with tyranny is the most evil of political sins.

His monumental mismanagement and the loss of the annual \$5 billion Soviet subsidy created a pressure cooker that may end his rule. He and the Mitterrands blame the U.S. embargo, which has deepened his ditch and Cuba's poverty.

He can end it himself, however, by opening his political jails and allowing the opposition a press, party and a fair election. But he recoils at the danger of even partial liberty.

Yes, Madame, for Washington to push business with Communist China while embargoing Communist Cuba is hypocrisy. But keeping the embargo is better than betraying Cuban dissidents again by taking the pressure off Mr. Castro for democratic reforms.

In the Castro affair, François Mitterrand is no great mystery. After all, his record shows that when he had to choose, early in the war, between the Resistance and the vassal government created by Hitler in Vichy, he

picked Vichy. In Cuba he does no more. But Madame Mitterrand is interesting. She presents herself as a fighter for human rights. She has all the reports about Castro's tyranny. The State Department, French intelligence and various human rights groups all tell the same ugly story.

So — why do so many Westerners select favorite dictatorships to honor and praise? Among diplomats, the reason is often professional convenience: conquering democratic interests. Military dictators in Pakistan and South Korea, for instance, were admired for their ability to give swift answers, no democratic time-wasting.

And there's money, too. Iran's terrorism did not mean anything to Conoco, no more than Chinese torture cells mean to hundreds of American businesses.

But people like Danielle Mitterrand do not care for their favorite dictatorships for money or professional convenience. They do so because the blood he spills means less to them than the fact that otherwise he suits their political tastes, left or right.

Western intellectuals of the left rationalized Soviet cruelties. Then their flavor of the month became the Sandinistas; now Fidel Castro. Conservative Westerners had their own darlings: Franco, Marcos, assorted ruling generals, Saudi kings.

New flavor: Soon you will hear what a good fellow President Hafez Assad of Syria is, a regular Uncle Fidel, all ready for croissants and kisses.

The New York Times.

For a Stable Gulf, Strive for a Balance-of-Weakness

By Jim Hoagland

WASHINGTON — Conoco Inc. lost a contract but gained a place in U.S. diplomatic history last week. The American oil company forced President Bill Clinton to reshape his Gulf policy.

The deal-hungry oil men from Houston also helped establish that there are limits to what this administration will do to further U.S. trade and investment abroad.

Mr. Clinton nullified Conoco's contract to develop two large offshore oil fields for Iran by announcing on Tuesday that he would bar American companies from such direct economic involvement in Iran. Iran's mullahs thus joined Fidel Castro of Cuba, Moammar Qaddafi of Libya, Saddam Hussein of Iraq and Slobodan Milosevic of Serbia as the irredeemables of the earth.

Everyone else — including the Communist dictators of North Korea, China and Vietnam — can be influenced positively by sending them U.S. goods and investment, the administration argues.

It is not surprising, then, that American companies and investors have become catalysts in defining Mr. Clinton's trade-centered worldview.

By seeking advantage over its U.S. and foreign rivals, Conoco forced Mr. Clinton's hand on Iran. The administration inherited strong economic boycotts on Cuba, Libya, Iraq and Serbia. But there was no general boycott on Iran. The ambiguity suited the administration as it pursued its well-reasoned "dual containment"

policy against Iran and Iraq.

Dual containment has been premised on a subtle difference in American treatment of Iraq and Iran. The United States specifically said it did not seek the overthrow of the Islamic Republic government in Tehran. While discouraging international loans to Iran, Washington did not push for an economic blockade like the one that is aimed at forcing Saddam from power in Baghdad.

Washington in fact looked the other way while U.S. companies bought Iranian crude oil and marketed it outside the United States and sold enough goods to Tehran to be the regime's sixth-largest trading partner.

There was an opening for better relations if Iran would curb support for revolutionary and terrorist groups abroad. U.S. officials said quietly but repeatedly when asked about Iran before the March 14 announcement.

U.S. intelligence reviews turned up no evidence that Iran's government had been involved in any recent terrorist attacks directed at American targets.

But the mullahs did not respond to Washington's quiet overtures. They ignored U.S. warnings about their nuclear energy program, seen in Washington as a prelude to developing nuclear weapons. Tehran pushed ahead with nuclear reactor contracts with Russia, stirring political problems for Mr. Clinton in a skeptical Congress.

Not surprisingly, when Conoco tested the limits of what an American company could do with Iran, the president came down hard, authorizing aides to characterize Iran to reporters as a country "beyond the pale."

Shed no tears for the mullahs, who should now head Ahha Eban's list of those who never miss an opportunity to miss an opportunity. But the White House's verbal line-drawing has the disadvantage of implicitly suggesting that the behavior of China, North Korea or Vietnam is within the administration's pale. Shooting dissidents and then billing their families for the bullets used — one of Beijing's favorite sadistic stunts — should also be considered beyond the pale and draw political sanctions from the Clinton White House.

The more immediate problem for Mr. Clinton is that both pillars of dual containment have begun to erode. As it is pushed to toughen its stand on Tehran, the administration finds it increasingly difficult to keep sanctions fully in place against Iraq. France's lust for oil and Russia's illusory belief that Saddam will pay Moscow his war debts if he sells oil could lead to sanctions being weakened or broken within a few months.

The administration was right to abandon the balance-of-power politics previous administrations played in building up first Iran

and then Iraq as agents of U.S. policy in the Gulf. Dual containment was designed to prevent any temptation to play that mug's game again. Whenever adjustments are needed to dual containment should reflect an American refusal to go back to the dangerous balance-of-power game in the Gulf, a region where a balance-of-weakness of the regional actors is the key to stability.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: A Spanish Call-Up

NEW YORK — A despatch received from Tampa, Fla., today [March 17] reports that a proclamation has been issued by the Spanish Government in which all young men in that city subject to the law of service in the Spanish army should present themselves before the military authorities at Havana. There is a good deal of speculation as to this order in view of the repeated assurance that only a few small bands of wholly undisciplined men remain in the Eastern districts of Cuba.

1920: Servants Exempt

NEW YORK — Of special interest to Americans troubled by the servant problem is the ruling by Immigration Commissioner Byron Hall that domestic servants are exempt under the provisions of the law prohibiting the impor-

tation of contract labor. In other words, Americans can hire servants abroad, bring them to the U.S. and will not be held up by immigration authorities.

1945: Purge in France

LONDON — The London "Sunday Times," in an editorial this morning [March 18], on the present system of "purge trials" in France, says that "the friends of France cannot suppress a certain anxiety about the consequences of this protracted and detailed purge." The editorial is the first public attack in Britain on General de Gaulle's policy of action against Frenchmen collaborating with the Germans. It alleges that punishment of collaborators should be inflicted only "for acts considered criminal at the time they were committed" and contends that the trials are therefore like "retrospective law-making."

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Dilemma Over Commissions

Auction Houses Fight for Larger Share of Market

LONDON — Things are getting tough on the art market and they can only get tougher. In a nutshell, the market is falling a victim to the overheating engineered by the auction houses in their frantic competition to get a bigger share of it.

Last week, the fight that tends to take place behind the scenes broke out into the open.

SOURIN MELIKIAN

open when Christie's announced its intention to bring down the commission charged to vendors. This will be reduced to 2 percent on works of art estimated to be worth £3 million (\$4.8 million) or more, down from 10 percent. Officially, that is.

In effect, for years, the rate to the vendor on the most desirable property has been zero. Cases have even been reported of a "negative commission." Not only was the charge to the vendor scrapped, but in addition, he got a percentage kickback on the 10 percent levied on the buyer.

Below the £3 million limit, Christie's has instituted a whole range of increasing commission rates as the estimated value decreases.

The idea is to put a stop to the endless haggling that goes on between vendors of desirable art and auctioneers. Whether it will work is another matter. Antitrust laws would have made it a crime for Christie's to approach Sotheby's on the matter. The chief executive of Christie's International PLC, Christopher David, confirmed that they did not even discuss the matter with Sotheby's. Which means that Christie's terms are in great danger of being challenged. "We will stick to them," David assures with dignity.

Really? Imagine the following dialogue. Christie's agent to owner of fabulous little van Gogh in storage on the West Coast for the last three decades: "Sir we shall be pleased to charge you our 2 percent rate." Owner to the Christie's guy: "Sotheby's charge to me personally is zilch. Sorry pal." If David is as determined as he sounds, the only possible scenario is this: The van Gogh sold at Sotheby's, is paraded on TV, makes headlines — and, worse, is used as a selling point in the little color folder submitted to the next owner of a fabulous little van Gogh, or Renoir, or whatever.

Do you believe in this scenario? I don't. But let us assume that it takes place. Guess

what happens next time around when Christie's is approached by the owner of a splendid van Gogh.

In short, the 2 percent rate system will work only if Sotheby's takes the same line. Given the past tendency of the two houses to kick each other under the table, this seems remote.

Then why bother to make the attempt at all? The reason is simple. The auction houses are desperate for more revenue and in a market where art supplies are inexorably shrinking year in year out, one of the weapons they have been using to attract desirable property is lower terms to the vendor. But lower terms to the vendor means less revenue. This is a vicious circle.

A revealing admission is found in Christie's announcement of preliminary results for the year ended Dec. 31. "The growth in operating profits from the auction business was limited to 3 percent." While auction sales grew by 13 percent "revenues and costs were affected by strong competitive pressure and our investment in the long-term expansion of the business."

Elsewhere, they spell it out: "In an ever more competitive market we have significantly increased our expenditure on marketing activities, both in promoting our services to prospective clients and in marketing our clients' property." In plain English, a lot more had to be spent on glamorizing.

TO quote David again, "We spent more than we anticipated on the Houghton sale and on the Leonard Codex," sold in New York last fall for \$30.8 million. New offices were opened in five cities: Shanghai, Vancouver, Bombay, Buenos Aires and Santiago. Opening an office means hiring an average staff of three. David says this pays off. South-east Asia, where Christie's has been expanding recently and is planning to expand further — an office is due to open in Jakarta this year and another will open in Singapore by 1996 at the latest — now accounts for 8 percent of the turnover.

Further investment is constantly made to raise this turnover in the form of ever more attractive catalogues, more viewings the world over for the more ambitious items, more special events to make big sales even glitzier. David congratulates himself on having attracted new buyers who help raise the general price level. He believes in ever-rising prices solving his problems. He cites Bill Gates, without whom the Hammer co-dex would not have made that price. He

could just as well have added the Houghton sale, when new buyers helped send some items of little merit and no age to phenomenal heights on the strength of provenance. A couple of decades ago, these would have been ignored, and the Houghton sale, which was on the whole not particularly distinguished, would not have been the sensation it turned into.

NOTHING satisfies the managers more than what they see as the triumph of marketing. Unfortunately, in achieving their temporary triumph, they are manufacturing a time bomb for the market as a whole. Raising the price level to ever more dizzying heights is doubly dangerous.

Finally, the auction houses lose much or most of their old clientele who bought art, driven by a passion that stems from knowledge refined over years of collecting. They cannot or will not go along with the new prices. The new buyers who step in, promptly seduced by the glamour and the publicity (call it marketing if you like) are just as easily turned off. The market is thus transferred from safe into fickle hands. It loses its traditional safety nets, the passionate collector, and also the connoisseur dealers. In the past, these would not allow a fine work to go for nothing. Now, even if prices drop abruptly, they still cannot buy for stock — the risk is too high, because the price, in absolute terms, remains enormous.

The second danger, fickleness aside, is that the ever-rising price level makes art buying a very chancy gamble. A \$6 million Renoir, O.K. A \$12 million Renoir, perhaps. But \$60 million? \$90 million? \$120 million? Somewhere down the line, the buck stops. The moment it does, those who thought they were making an investment may lose their pants.

It happened in 1990. Remember the Japanese who bought very splendid Old Masters including "A Blind Hurdy-Gurdy Player," the Georges de la Tour painting now in the Prado? Or the Scandinavian who bought Dubuffet, Fontana and others? The buyers of the late 1980s often resold at one third of the price in the early 1990s, and sometimes less.

The current system cannot last. By staking their all on an indefinitely rising turnover solely dependent on ever soaring prices (the sum total of the art of the past is finite, and contemporary art accounts for very little), the auction houses have devised the perfect self-destruct mechanism.



Georges de la Tour's "Blind Hurdy-Gurdy Player," now in the Prado, was sold for £1.87 million in 1990.

Maastricht Fair: Is Bigger Better?

International Herald Tribune

THE European Fine Art Fair in Maastricht, which closes its doors Sunday night, is proving a bigger attraction than ever. Too big, perhaps. Like Europe, the fair is threatened by its growth. By all accounts, it suffers from overload.

Last year, it reached the point where art dealers renowned for their keenness on the traditional way of doing business quietly in the privacy of their gallery made an appearance. The Galerie Bers of Paris, which does not seek a mammoth turnover but stands for the ultimate in sophisticated paintings, drawings and sculpture from pre-Impressionist days to the early part of this century, took part. This year, the Galerie Bers deemed Maastricht important enough to rent a stand twice the size.

With everyone banging on the doors to get in, the fair is swelling and changing. It is gaining newcomers in the most serious fields. Dealers in antiquities, probably attracted by the presence of Herbert Kahn of Basel, a scholar-dealer in Greek pottery and bronzes, came in from Switzerland — the Nefer gallery in Zurich led by Frieda Nussberger — and Germany — Axel G. Weber of Cologne.

There were more surprising arrivals. One of the leading Paris dealers in top furniture from 17th- and 18th-century France, Michel Meyer, is there. So is

Patrick Perrin, the son of his colleague Jacques Perrin. Modern art, which seems totally at odds with the tone of the fair, is gaining in strength. Barbara Mathis of New York took a stand for the first time and Hans Neuendorf of Cologne brought over for his inaugural appearance at Maastricht a retrospective of Francis Picabia's work. And in every category dozens are lining up to get accepted.

Why the rush? Nicolas Kugel of Paris, who seems to have done very well with his brother Alexis, says outright: "Because it is the fair where you have to be. It is the fair of diversity, unmatched anywhere in the world." His sales may have something to do with his optimism. By his account, the Kugel gallery sold 11 works on the opening night. While these included, he says, an item worth more than \$200,000, there were many buyers for small things — a \$15,000 silver gilt snuff box with hunting scenes with the Paris mark for the year 1729 went to a Belgian collector; an \$8,000 pair of Dutch oval bronze medallion portraits to the Palais Het Loo, National Museum in Appeldoorn, and so on.

Richard Knight of Colnaghi's, who parted with a portrait on panel of a lady painted by Cornelis de Vos in the 1620s, reportedly sold at "just over \$200,000," says that the market is sluggish. But he too thinks that being in Maastricht is indispensable even for major galleries. "I skipped

one year in 1993 and I regretted it. When I came as a visitor, I stayed a whole week. Fair is part of our market, now."

HE likes Maastricht best of all, because it is "a fair organized by dealers for dealers." They have set up a foundation that runs it with all gains being reinvested in making it better. As quality fairs go, stands are among the cheapest.

Leslie Waddington, the contemporary art dealer who chirpily mentions that he sold a Calder mobile of 1951 "priced around \$250,000," admits that business in general is difficult this year, which is one more reason for going to Maastricht. "Now I am out of London 60 percent of the time," he said. His participation in Maastricht led to a \$600,000 deal on a Dubuffet that he had in his London gallery in a roundabout way. Waddington, while in London, was being asked about

the price for the Dubuffet in Maastricht, and replied: "The inquirer that he had previously displayed interest in another Dubuffet in London. That must have triggered some buried but intense yearning in the inquirer's mind. His response was to buy the London picture."

The one area where business appears to be booming is Chinese antiquities. Gisèle Crois of Brussels is the only dealer who cited big numbers. "The Germans are back in strength," she said. A Frankfurt collector bought from her a bronze hu-type vessel of the fourth or fifth century B.C. that carried a \$650,000 label, and a Cologne connoisseur acquired a \$30,000 Tang lady of the court, with traces of polychromy. Yet, the start was slow. All say that buyers take their time. Some admit: "And huddle to death." Tough times, indeed. But, next year they will all be back.

Sourin Melikian

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Continued on Page 17

Fashion

Fashion's Family Tree: How Future Stars Learn Their Craft

By Suzy Menkes

PARIS — They're off — a new generation jockeying for position as fashion races toward the new millennium. Who, in this bewildering list of runners, is a hot tip? A safe bet? Who has the staying power to make it in the 21st century?

As with horse racing, so with fashion. The answer lies not just in the genes, but also with the training.

Fashion's family tree, the genealogy of designers and their origins, is crucial at this moment. Unbridled creativity needs to be tempered with technique, now that fashion has come back to fit and structure.

In the past, the bloodlines were easy to follow: five or 10 anonymous years in the backrooms of haute couture and out sprang Emanuel Ungaro and André Courrèges from the house of Balenciaga. Yves Saint Laurent emerged, famously, from Dior. Karl Lagerfeld appeared from Balmain and Jean Patou — a house that also launched Jean Paul Gaultier and Christian Lacroix.

Now in the 1990s, the baby boom generation is creating its own fashion families.

The most prolific is Gaultier. The fully fledged designers who have emerged from his studio are led by Martin Margiela from Belgium, who spent three years with Gaultier and who demonstrated Wednesday in his circus-tent show that he is a very fine tailor.

THEN there are Doby Broda; June Inoue of the now defunct June, July, August; Myriam Schaefer, ready-to-wear designer at Nina Ricci; and Gilles Rosier, who with his partner Claude Sabbah created the GR 816 label. Their show Sunday is one of the red-hot Paris tickets.

"It's good — it means that I've got children or at least little brothers and sisters — but I have no notion of being a teacher," says Gaultier.

Gaultier worked at Patou, but says that he owes everything to Pierre Cardin, who first took him into the couture house as a 15-year-old schoolboy.

"He taught me everything — it was extraordinary in the studio because Cardin cut all the garments himself," says Gaultier, who beneath the brouhaha of his shows has a rigorous and disciplined cut. Margiela, whom Gaultier praises as an incisive cutter and creative free spirit, says that his own fashion education came from

watching Gaultier taking pins and scissors, fitting the *toile* and teaching him that "the most important thing is the eye."

"Gaultier is different from how I am. Nobody copies him out of respect, and when you see all the different people coming out of the same house, it shows that it does not affect your personality," Margiela says. "Inside, that house is very, very professional. Gaultier is such a big worker. He taught me to work very hard."

Rosier — who took the name of his line, GR 816, from his registration in a Jesuit school — also talks about Gaultier's energy and the need an assistant feels "to surpass oneself." Fitting cropped pants or a back-draped skirt in the mosaic-floored new boutique in the Rue Bleue, Rosier reveals his couture background. He worked for two-and-a-half years at Balmain and with Marc Bohan, designer at Dior.

MICHELE Meunier and Olivier Chatenet of Mariot Chanet have the most discreet boutique in Paris, an airy salon on the fourth floor at 7, rue de Surène, around the corner from Hermès, where the husband-and-wife team are consultants. Between them, they have worked for four powerful, internationally renowned designers: Azzedine Alaïa, Comme des Garçons, Karl Lagerfeld and Thierry Mugler.

Chatenet says that a jacket with star-seaming is born of his training with Alaïa, described as a rigorous, demanding and intransigent task master.

"He worked at night and I never saw him creating, but there was a technical understanding," says Meunier, who later worked with Mugler, before Mariot Chanet was established in 1987.

Meunier cut her fashion teeth and learned "how to build a jacket" in the Chanel couture studio with Lagerfeld. She then worked at Comme des Garçons. From this mix comes Mariot Chanet's fusion of fluid drapes and modern tailoring that was evident in the sharp jackets and the bias-cut soft dresses in their show Thursday.

Lagerfeld's "family" also includes Hervé Leger, who worked at Fendi and at Chanel before establishing his own line. Leger's former assistant, Océane Versolato, presents his evening wear line Sunday.



The current succession drama at Givenchy, still unresolved, poses a question: Why have the great couture houses, including Saint Laurent, produced no heirs? The answer is that most couturiers work in seclusion, and few assistants today stick around. "I went to sew linings at Balenciaga, but at 22, kids don't want to do that anymore," says Ungaro. "I am proud to be an

artisan, but they want to be rich and famous."

But Ungaro has, perhaps unknown even to himself, one famous disciple: Giorgio Armani.

Before launching his label in 1975, Armani worked with Cerruti. "But I learned the most from Ungaro," he says. "I worked for just two seasons on his men's collection, but I watched the way he

pinned, very precisely, I don't cut my own jackets, but I pin them into shape. What I learned from Cerruti was the industrial dimension, how to make it work in a factory."

You can trace the fashion roots of almost any upwardly mobile designer. John Colonna was a couture assistant at Balmain; Christophe Lemaire, with Lacroix; Veronique Leroy, with Alaïa. The Japa-

nese "school" includes Costume National's designer, Ennio Capasa, who was trained by Yoshi Yamamoto, and Junya Watanabe, a disciple of Comme des Garçons.

In England, Bella Freud worked with Vivienne Westwood; Alexander McQueen's violent, on-the-edge show Monday had the backbone of an apprenticeship with tailors Anderson and Sheppard of Savile Row.

Only John Galiano, a graduate of St. Martin's fashion school, is self-taught.

"The old trial and error — and with bias cuts it teaches you — you are forever learning," said Galiano while working in his Basille studio on the show he presented Friday.

"In retrospect, I would like to have done a student placement with a tailor," he says. "It is important to hang out in an atelier, even just to see how the presser does it."

THE technique of fashion is, of course, an ongoing process. Saint Laurent said that he worked for weeks on the upside-down tuxedo dresses he showed in January's couture. Galiano learned from the past by poring over couturier Charles James's figure of eight patterns in the archives of the Victoria and Albert Museum in London. Margiela studied cutting from the 1930s, 1940s and 1950s while recycling flea market finds. Vivienne Westwood studied historical costumes and recreated the old techniques.

Sewing skills have traditionally been handed on from one generation to the next. And well-known designers are proud to work their alchemy on their apprentices.

Issey Miyake is fashion "father" to Kosuke Tsumura, who showed this week in Paris. Miyake, himself trained in Paris couture by Givenchy in the 1960s, issued this statement:

"Among the many works that I have endeavored to bring you over the past 25 years, there are none which make me prouder than the young talents who have risen to independence from within my studio."

SUZY MENKES is fashion editor of the International Herald Tribune.

Glitz at Mugler, Blitz at Lacroix

PARIS — Under a blizzard of rose petals, in the arms of a golden robot-woman, surrounded by celebrities poured into hourglass dresses, Cecil B. De Mille took his bow.

The 20th anniversary spectacular produced by Thierry Mugler was such high camp, it was flying — right up to the rafters of the Cirque d'Hiver, where Mugler's signature star was sculpted above a stairway for the star models.

They included Patty Hearst doing a spangled striptease; Hitchcock star Tippi Hedren teetering in a skin-tight skirt; models from Dior's glory days doing the couture glide in opera cloaks and feathers, and Jerry Hall, all pouting scarlet lips in a flesh-colored chiffon dress rattling with crystal.

"Six fittings and they got the dress perfect," she drawled backstage, as designers Paco Rabanne and Azzedine Alaïa, Monique and Jack Lang and Danielle Mitterrand all congratulated Mugler on his hour-long extravaganza.

"How does it feel to be 20 years old? Life's a bed of roses," said Mugler, referring to hionms tucked saucily into a drape on the derrière, or trimming the skirt hem at the back.

The clothes were quintessentially Mugler: a cartoon caricature of woman as Jessica Rabbit and as hard as the gilded carapace molded to the body.

It should be the fashion moment for Mugler's curvaceous tailoring. But, in fact, the time for such an over-the-top spectacular is over.

CHRISTIAN Lacroix on Friday served up two fashion shows in one. The first half, with its hurgundy trench coats, cognac-colored velvet pants and whisky-brown long skirts, was full-bodied, rich but very palatable.

At the cocktail hour, the mix was head-spinning, mostly because the concept of switching from day to evening clothes is in question in the modern world. And Lacroix himself had already sent out well-handled, day-for-night looks, from the midnight blue pants suit figured with flowers to a shrunken kimono coat.

The sky-at-dusk decor of moon piercing through clouds sent a message: Lacroix had dimmed the decoration, to just a twinkle of embroidery on a jacket cuff. Colors were quiet and countrified, with visual harmony even when tex-



Thierry Mugler's hourglass-shaped metallic corset.

tures were mixed. And when color came hot and strong — pink and orange tailoring or rainbows of hand-crafted tweed — those outfits were followed immediately by black.

The balance between luxe and rustic was subtly held as models in paisley-patterned lace were silhouetted against the silal carpet on the runway, or a long peasant skirt — an alternative to the short and straight — came in luxurious fabrics.

Lacroix's impressive feat is to make each outfit (and there were 103) a creative statement, from the way beaded epau-

lettes dangle from a black suit to the specially-printed fabrics, some on a Japanese theme.

Add to that each accessory — a blanket-weave scarf, a jaunty hat, a pair of heart-patterned lace gloves — and Lacroix's fashion fecundity is overwhelming.

As Joan Kaner of Neiman Marcus put it: "So much is here, so much for us to choose."

Too much. Or rather, a collection poised between Lacroix's modern attitude and his insistence on turning couture evening gowns into ready-to-wear — to service the new Lacroix boutiques

mushrooming across Europe. They have clients who cannot resist delicious little bonbons of dresses with spoonfuls of decoration — any more than can Lacroix.

BUT Helmut Lang took fashion, and his line, fast-forward with a thoroughly modern take on couture. His show moved from urban angst to urbane polish as the fabric changed from the plastic and synthetics of previous seasons to satin, men's suitings and camel cashmere.

White satin banded the knees of trousers and Lang's signature deep pant cuffs. The collection seemed uptown and upscale. But far from being a retro take on couture, the touches were abstract: removable trains in light fabrics that were suspended from shoulder blades or from the back of low-slung skirts. Or one long glove as a vestige of traditional glamour.

Lang's silhouette was slim and tailored, especially for short coats that came later in leather, fine herringbone tweed and silver satin. The collection suggested fashion's future in a clear, clean way.

Anna Demeulemeester expanded her repertoire. To her play on textures, she added a wider range of clothes, but she kept one signature: the tie-back dress, further developed as turn-around tailoring with lapels placed at the back of a jacket.

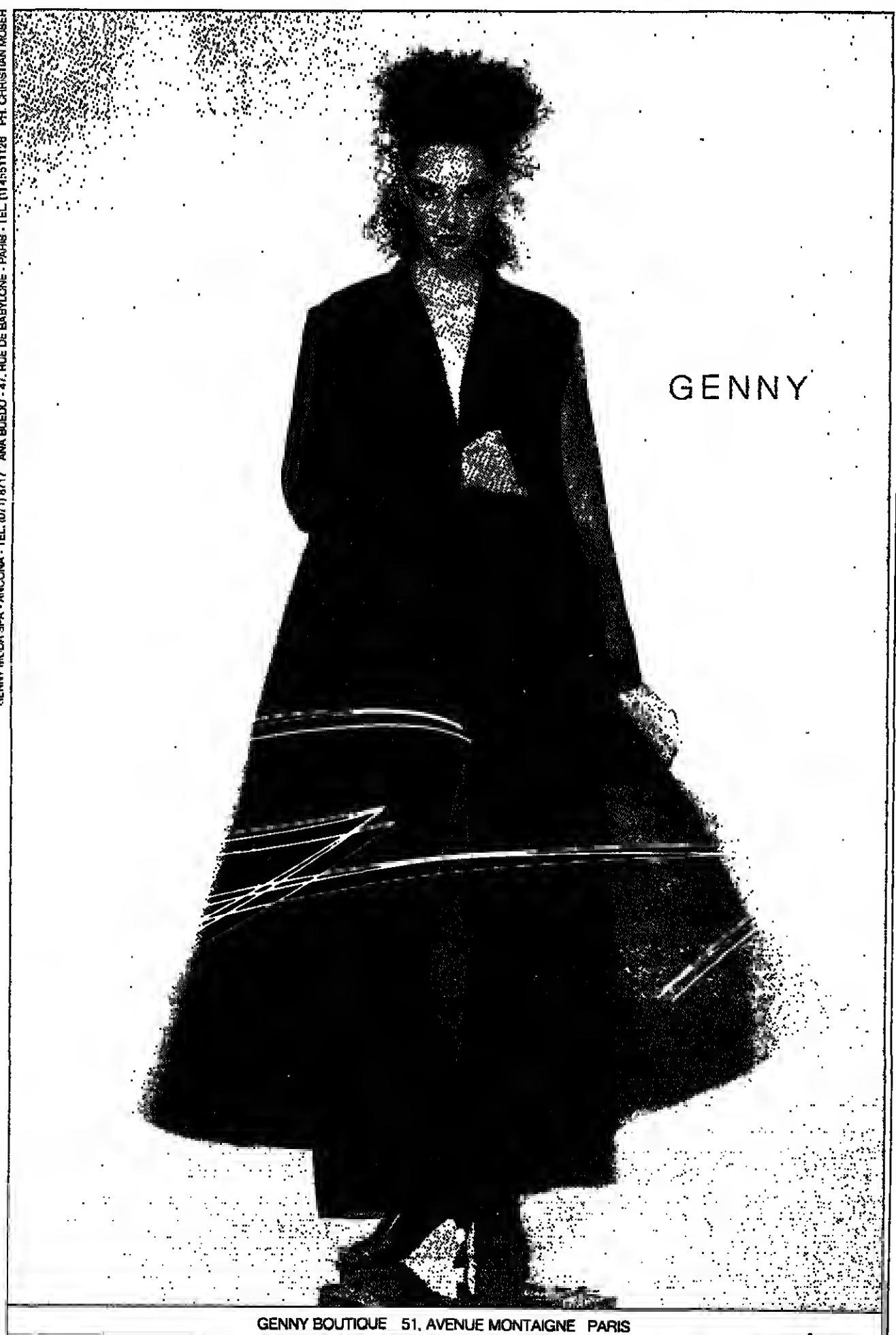
Slim pants suits formed her basic long-line silhouette, and though the show started with short leather outfits, Demeulemeester seems to be moving forward to commercial clothes. But she kept an edge of rebellion with strands of wet hair and stocky ankle boots.

As the big designers offer their fall shows through the weekend, opinions are divided as to whether the big boffo show is still the thing.

For a good blend of style and substance, Sonia Rykiel got the mix right (although the show was too long). Trompé l'oeil effects of jacket front or even flowered pasties on the bosoms enlivened sweaters. Fake fur cuffed wide pants or the mid-calf skirts that came with long-line cardigans or jackets.

Skirts are generally longer, but it must be a record of sorts, that halfway through the Paris marathon, no designer has stirred up the headline debate.

Suzy Menkes



GENNY BOUTIQUE 51, AVENUE MONTAIGNE PARIS

150

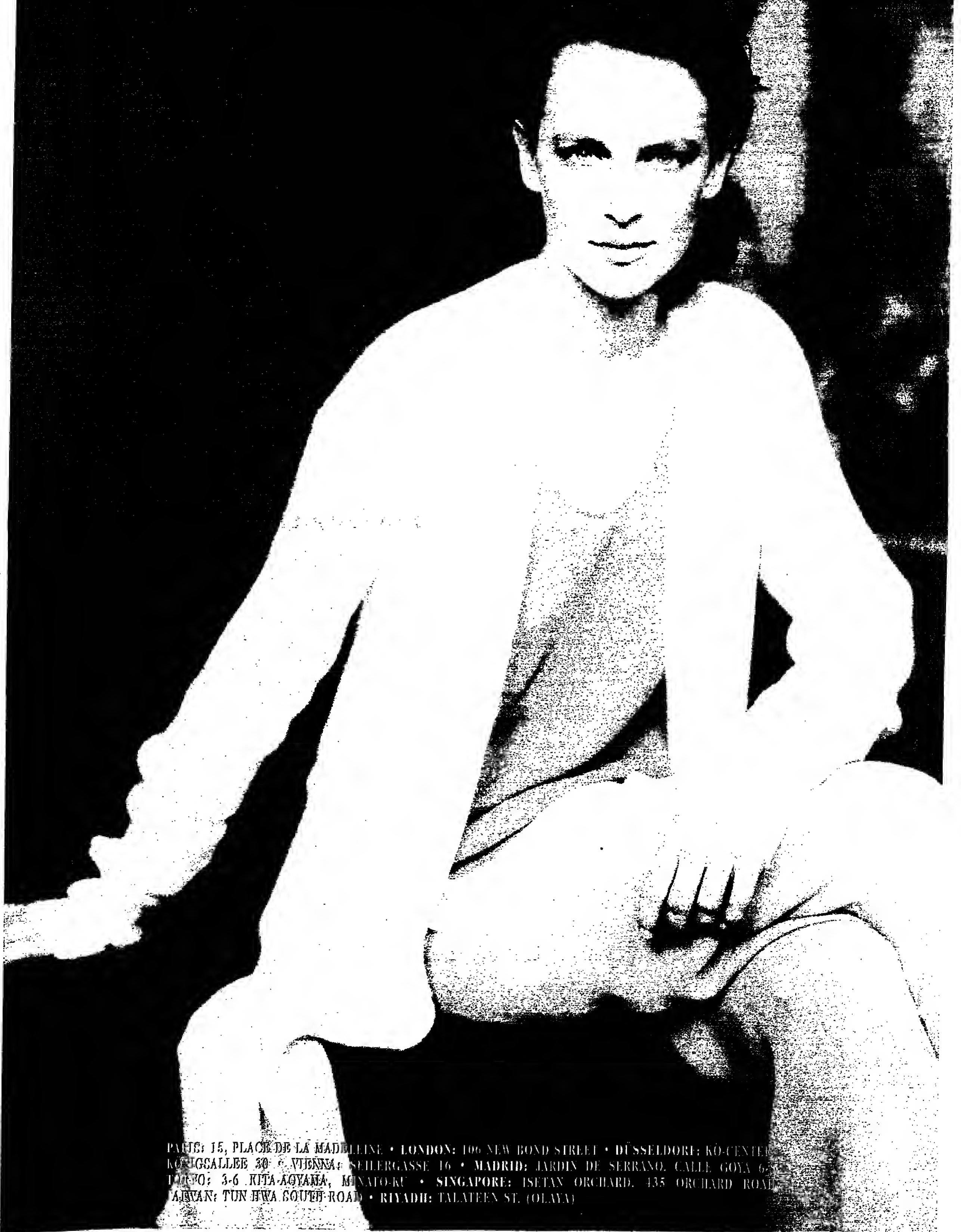
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PARIS: 15, PLACE DE LA MADELEINE • LONDON: 106 NEW BOND STREET • DÜSSELDORF: KÖ-CENTER
KÖNIGSGASSE 30 • VIENNA: SEILERGASSE 16 • MADRID: JARDIN DE SERRANO, CALLE GOYA 6
TOKYO: 3-6 RITA Aoyama, MINATO-KU • SINGAPORE: ISETAN ORCHARD, 435 ORCHARD ROAD
AJMAN: TUN HWA SOUTH ROAD • RIYADH: TALATEEN ST. (OLAYA)

FASHION / A SPECIAL REPORT

As Global Fashion Capital, Paris Succeeds—Too Well

By Nadine Frey

PARIS — Three days before the designer showings opened in Paris this week, a buyer for a fashionable New York store opened the chocolate and white vellum calendar compiled by the French Fashion Federation and wearily scanned the 10-day list of shows.

"I ask you," she said, "who is Marc Lanno?"

Lanno may have great things in store, but at the moment he is but one of the many new and often non-French names cropping up each season on the Paris fashion calendar. This year, the calendar lists 87 shows, with another 32 designers showing by appointment.

In addition to new French designers, an even more rapidly rising percentage of international designers now present their lines in Paris. The 119 designers included in the official calendar are only a fraction of the hundreds of designers showing in hotels and group shows all over the city.

"Paris is getting full," admits Jacques Mouchier, president of the French Fashion Federation. "It may be full already."

Paris is the world capital of fashion shows. The Broadway that each year attracts successful and aspiring designers from around the globe to audition their collections for an audience of 2,000 journalists and 750 retailers.

"It would be difficult to get an international career going without showing in Paris," says the Belgian designer Dries Van Noten.

"Paris is the World Series of fashion, it's the World Cup," says Geoffrey B. Small, a 35-year-old Boston designer listed on the official Paris calendar for the third time. "If you are really serious about what you do, you have to show in Paris. We've been tripping our hussies in the past few years, selling to 10 foreign markets, and the reason we are selling those stores is Paris."

Twenty years after initiating a policy of attracting foreign designers — Japanese, Italian, Belgian, English, Swedish and others — to show their collections here, the organizers of the French fashion showings have succeeded beyond their wildest dreams.

"The mission of the French couturiers in 1972 was to make Paris the world capital of fashion," explains Mouchier. "By then Paris was already established as the capital of couture, which gave us a certain force. We decided to open the ready-to-wear collections to others. And now we have 100 presentations in 10 days. It's the price of success."

As Mouchier points out, French fashion has always been an international hybrid: Karl Lagerfeld is German, Nino Cerruti is Italian. But the real "infiltration" of Paris began 14 years ago with the arrival of Japanese designers such as Yohji Yamamoto and Comme des Garçons, and later the Italians.

French designers haven't always been ec-

static at the prospect of an invasion of foreign designers in their city. "They feared for their markets. But I pointed out that 80 percent of their product is exported," says Mouchier. "It's not by preventing someone from showing in Paris that anyone is going to protect a market two continents away."

At the moment, Paris is attracting 10 percent more foreign designers each season, or 20 percent each year. It's a staggering figure for buyers, who are already running the soles off their Prada loafers in an endurance course between shows, booking appointments, new store scouting expeditions, and simply wandering around looking at street fashion.

In addition to which, the hotels are full. The fashionable restaurants — L'Ami Louis, Voltaire — were full up a month ago, so don't even call. If it rains when you leave your eighth show of the day at 11:30 at night, have a subway map handy because you won't find a cab. (In fact, better book a car service for the whole week.)

Real Parisians know enough to hunker down and sit out the week at home. "This place is booked to the rafters," says one buyer. "It's a pain in the neck."

Designers — who, besides making sales, benefit from the 2,000 pages of free editorial and 120 radio and television shows the collections generate each season — belittle logistical hurdles.

"Get over it," says Rifat Ozbek, a British designer of Turkish origin who has shown successfully in London, Milan and Paris and who says his sales increased sizably when he began showing here three seasons ago. "It's five days of your life. You have what, 355 other days to recover."

However big the fish on the line, the cost of showing in Paris for a foreign designer is nearly prohibitive. A temporary showroom can cost \$7,000 to \$10,000 for the week. An item as basic but indispensable as a rolling rack rents for \$100 a day.

Then there's the cost of the presentations themselves. At the pinnacle, the four rooms in the Carrousel du Louvre, where 41 top designers get to strut their wares, run from \$20,000 to \$50,000. That doesn't include the cost of models, flowers, invitations and the fabrication of the collection itself. Top designers can spend up to \$500,000 putting on a runway show.

New and foreign designers not only face high costs but also an uphill struggle for the attention of deluged buyers and press.

"Xüly Bet is having an opening for his new line in Pantin," says Josiane Cristofoli, one of the city's veteran fashion public relations agents. "I'll send out 1,200 invitations to get 400 people. For newer designers, I'll make phone calls, and hope to get 40. But talent will out. You only need two journalists at a good show and the next season you'll have 50."

"I don't recommend anyone showing in Paris unless they're really ready," says Small.



A mix of textures by Japan's Koji Tatsuono, who showed his fall line Tuesday.

"It's the toughest, most competitive market in the world, and it is brutal. But my attitude is, if you're a store and you're not going to Paris to buy your Gaultier and your Comme des Garçons, then you're not the kind of store I want buying my stuff."

Some designers say they sometimes entertain the thought of showing in New York. Will the tents in Bryant Park ever tear away serious numbers of designers from the runways in the Louvre?

Not according to one designer. "The one

thing New York designers are most afraid of is being first," he said. "For someone showing in Paris, his biggest fear is not being first."

Adds another fashion veteran, "My romantic side says I hope not. Paris inspires something completely different than New York. It's all about the allure and the mystique and the history of Paris."

NADINE FREY writes frequently about fashion from Paris.

Established Names Benefit Most From New Luxury Boom

By Laura Colby

PARIS — Most of the attention at the Paris fashion shows this month will be on the hot new designers and the latest fashion trends. But most of the real business will be transacted not by the latest rising star, but by the group of big luxury groups who have already established themselves in the fashion firmament.

As Western economies emerge from recession, and as Asian nations continue to create a rapidly expanding middle class, it is the big-name companies who are benefitting most from a new demand for luxury.

A look at recent earnings results tells the story.

At LVMH Moët Hennessy Louis Vuitton SA, the French luxury goods company selling everything from champagne to luggage, sales rose 17 percent last year to 28 billion francs (\$5.6 billion), and net profit increased by more than 20 percent.

Hermès, the purveyor of power ties and upmarket leather goods, reported a 56 percent increase in net profit for the first half of its financial year, to 85 million francs, while sales surged ahead 24 percent to more than 1.5 billion francs.

In Britain, the Vendôme Luxury Group PLC, makers of Dunhill clothing and Cartier watches, reported a 21 percent rise in first-half pretax profit, to £105.7 million (\$169 million), from £87.1 million in the year-earlier period.

The Comité Colbert, an industry association that groups many of France's biggest luxury goods names, says its member companies were hard hit by the Gulf War in 1991 and the recession that set in afterwards, both of which curbed consumer tastes for luxuries. But at the end of 1993, the first signs of life started to appear, and by last year, the buyers were coming back.

According to a report published last month by the Paris

research and consulting firm Eurostat, the world market for perfumes should grow 8 percent between now and 1998, while the market for leather goods and furs will grow 7 percent, for haute couture, 10 percent, and for luxury tableware and crystal, 5 percent.

The current luxury market is different than the one seen in the 1980s, however.

A decade ago, brands like Louis Vuitton, Gucci and Cartier appeared on everything from cigarette lighters to coffee mugs.

Post-recession consumers still want the designer names displayed, but in a less flashy manner, and on more traditional, high-quality products, like handbags and watches.

In addition, demand remains strong for low-cost items like perfume, many of which helped many luxury firms to absorb the shock of recession. Perfume sales can be two to eight times those of a fashion line, according to Alain Petitjean, president of Eurostat.

The wild card for the luxury companies is the fragile nature of currency markets. The dollar's recent plunge is "worrying" and could hurt earnings in French franc terms, according to Christian Blanckaert, president of Comité Colbert.

The 75 companies that make up the group get around 13 percent of their 32 billion francs in annual sales from the United States, and many other important markets, such as Hong Kong and Taiwan, have their currencies linked to the dollar.

Some of this downside will be mitigated by the strong yen, of course. Japan, which is showing signs of emerging from recession, is the most important Asian market for luxury goods, accounting for about 49 percent of the total.

LAURA COLBY is on the staff of the International Herald Tribune.

METAMORPHOSIS IN CRY



Clothes and Caviar: Treats for Shoppers

By Pat McColl

PARIS — Some familiar names in familiar places, some brand-new names in unexpected places, a dash of sophistication and — at last — some new lunch spots on the avenue Montaigne are among the highlights of shopping in Paris this spring.

On the boutique scene, Emanuel Ungaro has opened a second Right Bank shop, this one at 49, rue du Faubourg Saint-Honoré, while Hubert de Givenchy and Christian Lacroix crossed the Seine to open their first Left Bank boutiques, Givenchy's at 5, rue du Cherche-Midi.

The new Lacroix boutique, which opened March 15 on the Place Saint-Sulpice, showcases his highly successful lower-priced line, Bazaar.

Another familiar name, Jean Paul Gaultier, picked a less familiar location, just around the corner from the Opéra Bastille, at 30, rue du Faubourg Saint-Antoine, to house his new JPG line in a décor mixing random patches of broken mosaic tiles with surreal and high-tech touches.

Elsewhere in Paris, less familiar names turn up in other less familiar locations, such as Tim Bargeot at 73/75, rue Quincampoix, behind the Centre Pompidou, or Bonnie Cox at 38, rue des Abbesses in Montmartre.

Although he spent two years at the fashion school Esmod and worked as a theatrical costumer, Bargeot claims he started his fashion career selling 95-franc T-shirts at the Clignancourt flea market in 1990. Gradually he added other items, then bought his boutique and began giving "wildcat" fashion shows in nightclubs and discos.

"In 1993 I realized I had to get serious," says the 30-year-old Bargeot, who always wears a pillbox hat cut in the same

fabric as whatever trousers he is featuring that day.

He describes his fashion as "a panache of virtual images, technology, the 60s, Barbie and the current street and club scene."

The décor of his tiny boutique looks like it came out of a 1960s time capsule, with a "Sergeant Pepper" mural painted by Bargeot and his pals adorning one wall. The clothes themselves have an exuberant innocence, from those Barbie-doll dresses in white waffled piqué to hip-hugger pants in yellow tablecloth check paired with butterfly vinyl blouses and his best-selling patchwork-of-pastels T-shirts in stretch terry cloth with color-matched minis.

At 589 francs (\$117), those Barbie dresses are among the most expensive items in the boutique. Already, the department stores Galeries Lafayette and Au Printemps have added the Bargeot line to their junior selection.

Bargeot is also well represented at Bonnie Cox, a *nom de mode* for owner Ludovic Lainé, a top hair stylist who opened his boutique five years ago because, he says, "I love fashion."

Most of the designers represented in his shop — including Xüly Bet, Erotokritos, and Tori du Monde — just walked in off the street with their collections, and Lainé bought. He says he was the first to buy Xüly Bet more than four years ago.

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Tim Bargeot's rue Quincampoix boutique, left, and Bonnie Cox's in Montmartre.

"My criteria? That the clothes sell and that women look good in the clothes. That's what counts the most," he says.

His latest addition, and for the moment carried exclusively by Lainé's shop, is Hilda Heim, whose long, slim dresses and skirts mixing different dark brocades and satins are in the more sophisticated direction. Lainé feels is growing stronger as the decade draws to a close.

For more of the new sophistication, check out the first spring windows at the Maria Luisa boutique at 2, rue Cambon, where owner Maria Luisa Poumaillou has flanked a John Galiano suit with two outfits from Andrew Gn (pronounced gee-en), a relative newcomer to the Paris scene. Gn held his first runway show March 14 at the Cercle Républicain.

"Deconstructivism is no longer a trend, and even designers who worked this way are into the new sophisticated spirit," Poumaillou says. "Andrew's look, which is basic and clean, works very well with the change."

Like Galiano, Gn, who was born in Singapore, graduated from St. Martin's College of Art in London, with further fashion studies at the Domus Academy in Milan when Gianfranco Ferré was director of the school.

After he graduated, several Italian and French couturiers offered him jobs. He decided on Ungaro because, as Gn

says, "He is a hands-on designer. He doesn't just sketch and give the sketch to his ateliers to work out. He's there at every step."

In 1993, working out of his apartment, Gn started on his own line with, in the beginning, just knits and jerseys. Recently he moved into a larger space in a Napoléon III building designed by French architect Viollet-le-Duc.

The collection includes the knits, dresses and tailored pieces that have been bought by Saks Fifth Avenue and Barney's in New York, Harrods in London and Maria Luisa and Victoire in Paris.

Meanwhile, over on the avenue Montaigne, the Italian invasion continues with the opening this week of a Cepy boutique, a few doors up from Max Mara and Salvatore Ferragamo and just across the street from Krizia.

Another Italian name, Donna Anna, will open a 40-square-meter (3,500-square-foot) space at 51, avenue Montaigne later this spring. The house Dolce & Gabbana, Isabella Rossellini, Roberto Cavalli and Sergio Rossi shoes.

Like the branch of Joseph and Anna will have a small restaurant. But while shoppers at Joseph can dine on salads and club sandwiches, at 51, avenue Montaigne they can get caviar.

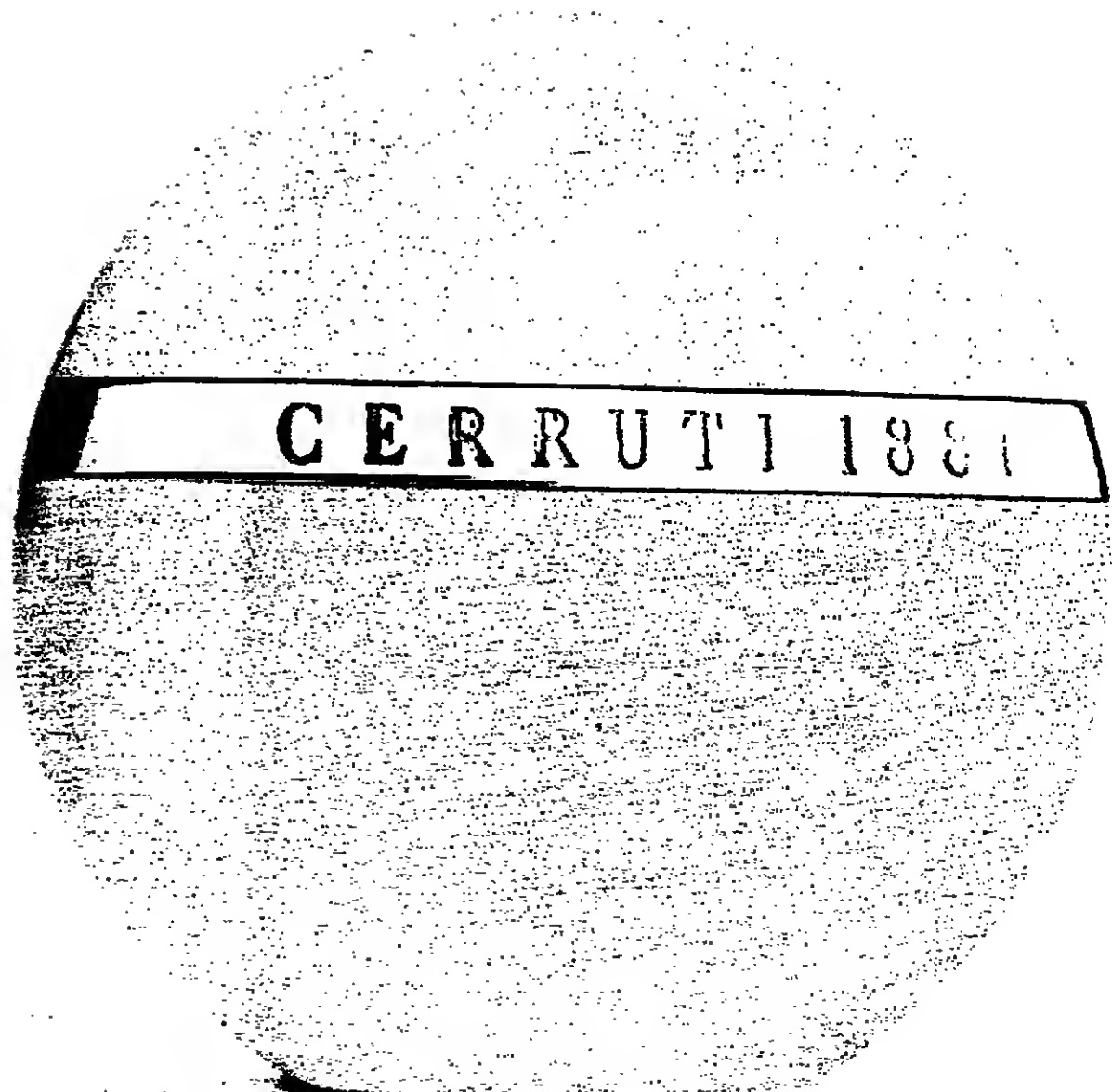
PAT McCOLL is a writer based in Paris.

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THE NEW FRAGRANCE FROM NINO CERRUTI

FASHION / A SPECIAL REPORT

Power Dressing in Italy: The New Pivetti Look

By Roderick Conway Morris

MOGLIA, Italy — Irene Pivetti was rocketed to public prominence last year when she was elected *presidente*, or speaker, of Italy's Chamber of Deputies. At 31, she is the youngest person ever to hold the post, which under Italy's constitution is the third highest in the land after the president and prime minister. And only she and the speaker of the Senate have retained their positions since the fall of the government of former Prime Minister Silvio Berlusconi last December.

Being an attractive young woman would hardly seem to be an advantage to the person charged with keeping order in Italy's Parliament, where the uncouth behavior of some members would be more suited to the stands at a football match than to a legislative assembly.

Since stepping into the limelight, however, Pivetti, though clearly more interested in her career than in couture, has undergone a striking transformation of public image.

She vigorously voices an intense dislike of any discussion of her personal appearance and dress, arguing that if she were a man, little attention would be paid to her outward aspects. In fact, the contrast between Pivetti and the dapper Berlusconi — whose tailor-made, double-breasted suits and fastidiousness about his personal appearance suggest a public vanity of which Pivetti could never be accused — has led some observers to remark that Berlusconi, ever-prepared to appear on one of his own television channels, sometimes seems to be wearing more makeup than she does.

Nevertheless, Pivetti's studied, unremarkable look is now becoming positively fashionable and is being imitated by young women all over Italy. In particular, the distinctive, cravat-style knot of her silk scarves is being adopted from Padua to Palermo.

Even the Italian television personality Ambra Angiolini, who is adulated by regiments of miniskirted teenyboppers and pubescent male admirers, has praised Pivetti's suits, though Pivetti herself may regard this as a doubtful compliment.

Having abandoned the casual, loose-locked student look with which she arrived in Rome as a young deputy from Milan in 1992, Pivetti has adopted a permanent hairdo and a wardrobe heavy in pastel-colored suits in a style reminiscent of Margaret Thatcher.

A devout Roman Catholic, Pivetti keeps her hairlines modest and her throat covered, usually by that signature scarf treatment. Gai Mattiolo, a young Roman designer, recalled that when Pivetti bought a suit from him that she found too revealing for her taste, she "immediately

covered it all up with the usual scarf," he said.

It would be a challenge for any woman to have to acquire overnight an entire wardrobe suitable for official occasions and for being in public view for many hours a day, let alone in fashion-enslaved Italy. And Pivetti obviously had neither the inclination nor the financial means to become associated with a major Italian designer.

So last summer she zoomed in on a single, emphatically non-designer clothing manufacturer, Carla Carini, in the heart of the provincial North. Since then Pivetti has appeared in public almost exclusively in their clothes.

Pivetti's first appearance in her new wardrobe was as the state's representative at Venice's Regata Storica, the city's traditional rowing race on the Grand Canal. The event coincides with the Venice Film Festival, guaranteeing the presence of a reasonable complement of celebrities and glitterati.

Pivetti wore a outfit in Venetian red, a distinctive shade of hurgundy that provides the background of the Venetian flag, with gold buttons — a *coup de théâtre* of color-coordination in a city where the Northern League is strong.

"Presidente Pivetti spent half a day here just before the Venice Regata, and chose from what was already available off the peg," said Carla Carini, the co-founder, with her brother Elio, of Carla Carini.

Their factory is in Moglia, a small town south of Mantua where the primary industries are agricultural, but which is close to Carpi, a large knitwear center.

Gasparini said Pivetti almost always chooses from ready-to-wear. An exception was an evening dress for the opening of the opera at La Scala, which Carla Carini made to order as a one-of-a-kind gown. "We don't usually take special orders at all," said Gasparini.

She added that a very strong part of Pivetti's philosophy is that "she does not want to appear special, but as a normal, serious-minded person like any other." "With her job and responsibilities, it's essential for her to feel comfortable. So for her it's not primarily a case of fashion, but of practicality."

Pivetti has "extremely clear ideas about what she wants," Gasparini said, adding that the only input she has made is to suggest alternative colors, since Pivetti overwhelmingly favored pastels, and to advise her on materials — "which ones, for example, would crease less if you spent the whole day sitting down."

Carla Carini — which, in addition to the line chosen by Pivetti, makes the cheaper Oro Nero and Diario lines aimed at a younger market — is a classic child of the Italian economic miracle. The firm began in the late 1960s as a manufacturer for



Irene Pivetti at Parliament

others, principally German companies. In 1977 the Carla Carini label was launched to sell products created by Gasparini and her team of in-house and freelance designers.

The Carla Carini flagship label now offers nearly 300 models per season. Tailored wool jackets retail for around 550,000 lire (\$330), skirts are 200,000 lire and trousers 260,000 lire, with summer cottons and silks at about half these prices.

The firm sells through about 1,500 shops in Italy and has yearly sales of 40 billion lire. About 20 percent of sales come from export, principally to Germany, Switzerland, Spain and the Far East.

As befits her position as couturier to one of Italy's most powerful but unstyle-conscious women, Gasparini has a very down-to-earth view of her business.

"I suppose there are basically three types of fashion," she said. Something that's simply fashionable, targeted at a young market, so it doesn't matter if it's produced at very low cost, and even made of plastic. Then there's fashion with a capital 'F', made by stylists for a tiny but very rich market, while we in the middle try to produce a well-designed, well-made and finished product that will last several seasons."

RODERICK CONWAY MORRIS, a writer based in Venice, specializes in cultural subjects.

'90s Credo: Dress Down for Success

By Richard Martin

NEW YORK — The philosopher Henry David Thoreau admonished, "Sell your clothes and keep your thoughts."

To advocates of casual professional wear and dress-down Fridays at the office, Thoreau's simplicity and individualism are credo and conscience. American informality is addressing and changing the dress of the workplace.

When International Business Machines Corp. announced in February that its longstanding (though never written) dress code was to be relaxed, another major company entered the ranks of the American firms tolerating more informal dress standards, either daily or on designated casual days, customarily Fridays.

A 1992 survey of 504 companies, conducted by Levi Strauss & Co., indicated that 265 had dress-down days or a casual dress policy. That number has grown recently.

Informality, some argue, is the American spirit, especially in these times of the new downsized, noncorporate, entrepreneurial company.

When Steven Spielberg, Jeffrey Katzenberg and David Geffen announced they were setting up a billion-dollar entertainment and media business, they did so without benefit of dark suits and power neckties. Katzenberg wore a cut-and-sewn shirt and tie, but he doffed his jacket.

Nerd-love CEOs direct the software industries, and information highways carry no dress regulations. Presidential candidates, especially Democrats, and even presidents are seen in casual attire.

Menswear manufacturers are keenly aware of the casual influence. Tommy Hilfinger and Nautica by David Chu, both big names in sportswear, have recently introduced tailored clothing to allow men to select entire wardrobes from the sportswear racks.

But men are the lesser part of the changes. Dress codes are changing principally because of the new role of women in the workplace.

Women have brought to the office the dynamics of a complex life that may seek flexi-

time, a workout in lieu of lunch, a chance to chauffeur kids to play-group instead of taking an afternoon coffee break, and other slackening of the strict regimen of the workplace.

Women's dress for work has customarily defied the rigid codes of male dress. Now, women have transformed all dress codes.

In addition, women at work have continued to practice the power they perfected when they were generally denied equal employment. Women will continue to employ in a professional context their sense of style and pride in appearance, at least until every glass ceiling is broken.

Changing dress codes are hardly part of a feminist conspiracy, but they are a mandate that women have initiated and a gender battle for which women are, in general, better prepared than men.

Geography, too, plays a role. Strict dress codes of the Northeast have long been spurned by California and the Southwest. New York remains the dressiest of American cities for professional and social attire.

But the bandwagon is on the wall, and on the bookshelves. The process was set in motion nearly 50 years ago by two image-making books.

C. Wright Mills's influential treatise "White Collar" (1951) castigated a drifting middle class hereof of traditional

mooings and skills. Its identifier was its dress-code pride in a banal professionalism.

Then, Sloan Wilson's novel "The Man in the Gray Flannel Suit" (1955) found more sartorial villainy, this time in the uniform of new advertising executives. Thirty years later, Wilson would say of the novel: "I wasn't thinking about what was happening to the country when I wrote it. The only thing I was thinking about was what was happening to me." Inexorably, the country he rebuked was beginning to chafe at the corporate collar and investment in success.

John T. Molloy's formulaic

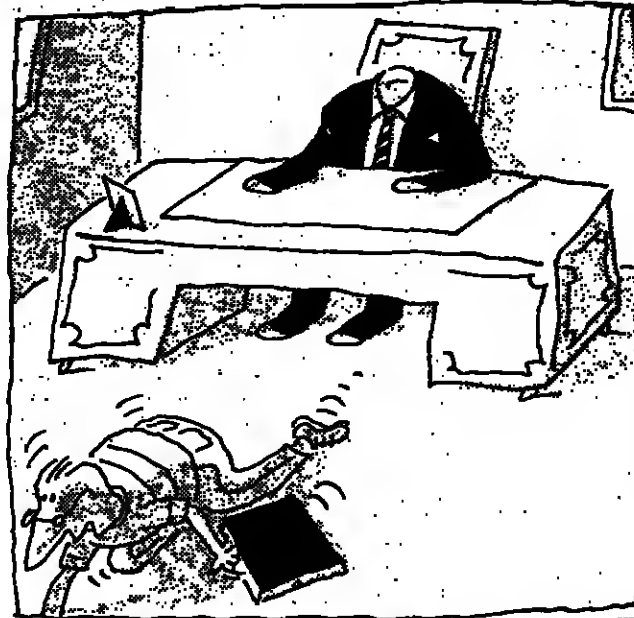


Illustration by J.T.T.

"Dress for Success" (1975) reiterated the corporate pyramid as a lifestyle and apparel model. Always dress like the boss. Conservative professional dress was so predictable and intractable in the changing era of the 1970s that it became risible and ripe for change in the entrepreneurial 1980s and 1990s.

The first subtle subversions of the suit came from high-style saboteurs such as Giorgio Armani, who played the infrastructure of men's suits, then defined a 1980s power suit, and then subjected tailoring to fashion change, fluctuating from loose to fitted in the 1990s.

The next blow to suit dressing came from a generation that, having grown up in jeans and without dress codes in school or restaurants, was reluc-

tant to don the raiment of so-called success even for the office.

Does a relaxation of dress codes at the office yield a democracy worthy of de Tocqueville or Thoreau? In fact, informality can be either an alternative uniformity or a bothersome anarchy. Some companies, such as American General Corp. of Houston, have offered a casual-day experiment but rescinded it when casual attire lapsed into personal indulgence.

True, jobs may vary. Client contact can dictate against casual attire for some positions, while other jobs in the same company may have no public visibility.

NONETHELESS, is freedom in dress inalienable? Or do we prefer to dress for our social and professional contracts in signifying and significant ways, perhaps leaving personal taste to leisure attire and the choicest nuances of dress selection for business?

Already, some who found the white collar too tight are suffering from quandaries of meeting the more indeterminate standards of professional-casual compromise. Like any other freedom, dress is a practice of individualism, but it is also a mode of exchange, hui achieve self-satisfaction, but also to project self-confidence with our peers. We dress in expression, but we dress to relate and affiliate.

Thoreau's morality and modesty of dress was easy. He did not show up at the office or meet clients. Ironically, Americans in the 1990s may soon come to wonder if life was not a lot simpler when there were defined behavioral and dress codes.

Dress code violations are not likely to be as litigious or bitter as sexual harassment in the workplace or equal opportunity infractions, but the American office is changing. New freedom is always new vicissitude. In this case, new clothes, too. Thoreau also warned, "Beware of all enterprises requiring new clothes."

RICHARD MARTIN is head of the Costume Institute at the Metropolitan Museum of Art in New York.

Synthetics Outshine 'Natural' Rivals

By Susannah Handley

LONDON — Ask anyone if they prefer "natural" or "synthetic" and they will surely come down on the side of nature. But words can be misleading.

Our perceptions of the natural and the man-made are becoming more and more blurred, and today, everything from nature-identical fibers to life forms can be created in the lab. As a result, designers and consumers have become reenchanted with science and technology.

What is natural and what might be unnatural in fabrics? Which of our senses can truly make the distinction — sight, touch, smell? Is it true that natural is good and man-made is evil? Why do we currently have a techno-fad in fashion? "Nature" and "ecology" were significant fashion stories a few years ago, but we can't expect the industry to renounce indulgence altogether, and the temptations offered by the new synthetics have proved to be irresistible.

This season's collections are filled with brazen polymers and vividly synthetic clinging fabrics. Whether the fabrics consumed are "unnatural" or not, fashion wantonly "spends" resources, and it cannot yet be clearly determined that synthetics are any more environmentally damaging than the presumed wholesome naturals.

Many vegetal fibers, including locks, have been turned into trendy '90s fabrics. But we have perhaps forgotten that the oldest man-made fiber, rayon (invented in 1894), was itself made from trees — from the same cellulose components that also make paper.

We could also argue that even nylon, the first "true" synthetic patented by Du Pont in 1938, is also natural in its origins. Nylon — and its chemical acquaintances, like polyester, acrylics and acetates — are all products of the petrochemical industries, and the oils and gases that blend to make these synthetic fabrics are themselves derivatives of ancient organic life.

The whims of fashion are greatly influenced by the prevailing attitudes to science and technology. Nylon was the universal wonder fabric in the postwar years, when science was the world's gateway to a drip-dry Utopia.

In the moonstruck 1960s, shiny PVC, polyester, and Crimplene brought space, laboratory-fresh fabrics onto Main Street. For the first time clothes were being molded,



Illustration by J.T.T.

A Dirk Bikkembergs synthetic stretch outfit for fall.

bonded and welded together, and Paco Rabanne declared that sewing was a "bondage."

Silk, linen and cotton again became status fabrics during the technologically troubled 1970s and 1980s. "Everything natural" was back in favor, and the natural fiber producers seized their opportunity with emotive slogans like "Wool runs on grass." Ecological disasters damaged the reputation of all things man-made, and the oil crisis helped to banish polyesters to the much ridiculed shell suit or, along with other man-mades, to the well disguised blend.

The one exceptional success story of that era was Lycra, which had languished for 30 years and was originally known as Fiber K. When fashion became body-conscious and took its influence from the gym, Lycra was the perfect fiber to bring that flattering cling that would flaunt taut muscles.

While the superior technical performance of synthetics was without dispute, natural fibers had always kept the lead in the esthetic contest until the Japanese discovered microfibers. These are usually nylon or polyester filaments that are made 60 times finer than a human hair and can rival all the high-touch qualities of natural material. They also "breathe."

The latest synthetic fibers are the fashion equivalent of musical synthesizers: An infinite number of variations can be spun from any one fiber and made to look and feel like anything, from the chunkiest woolen homespun to web-thin silks.

Textile and fashion design are entering a new era of technical interaction, with "intelligent fibers" and "smart fabrics" that will breathe, adapt to temperature changes and enclose us in our own personal microenvironments.

Molecules and microbubbles have entered the vocabulary of fashion design as fabrics with built-in stress control, fragrance or thermal and ultraviolet protection bring secret functions to our clothes. Fibers now have inherent memories and enormous powers of stretch and recovery. The legendary Lycra can stretch to five times its original length.

A techno-textile like Toray's H20FF fabric is constructed with millions of microcrimped fiber loops, with the result that any moisture simply rolls away from the surface. Another Japanese company, Unika, has produced a "solar power" fabric made up from particles of ceramic materials that are sealed into fine filament fibers to create a cloth which has a "positive" thermal mechanism so that the sun's heat is "stored" within the garments.

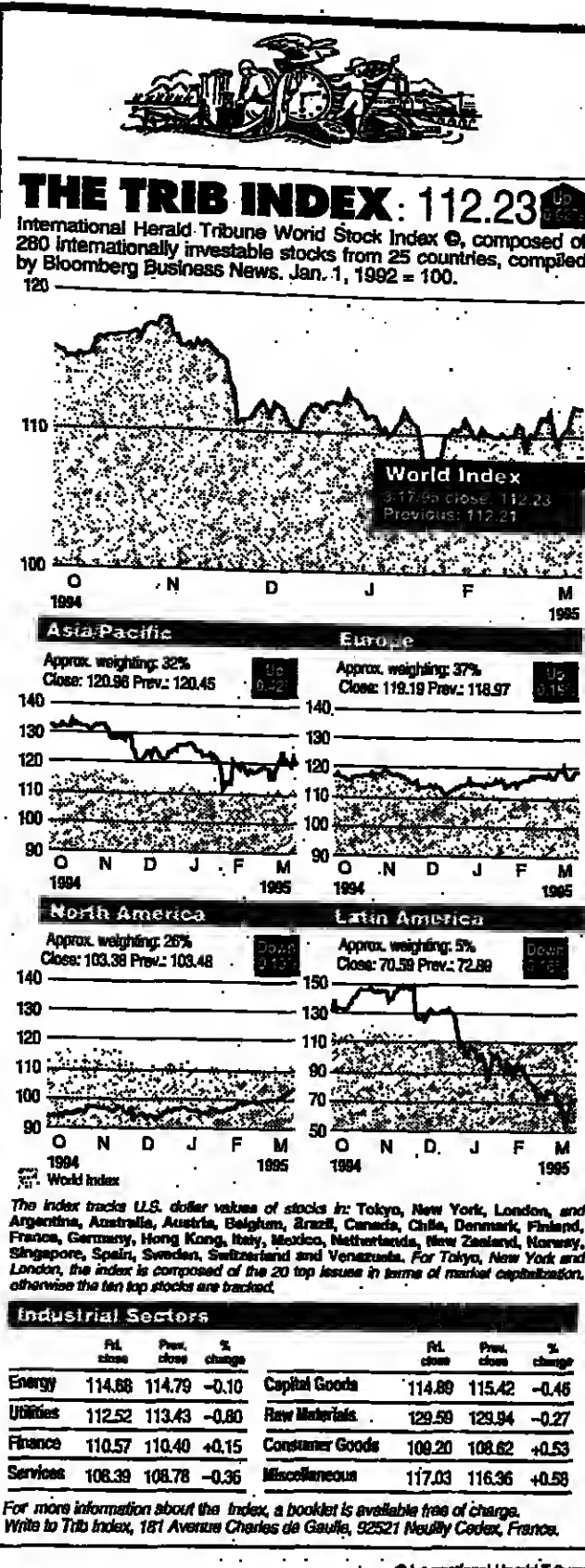
But it is not just for their invisible performance values and magic molecular structures that many fashion designers are choosing synthetic fabrics. The fabrics also offer an exciting new range of surfaces, textures and sculptural shapes.

Synthetic materials have reinvented the silhouette in fashion. This is largely due to the influence of the Japanese and, in particular, to Issey Miyake — who, in a 20-year collaboration with the fabric engineer Makiko Minagawa, has influenced a whole generation of fabric and fashion designers.

Polyester, perspex, silicone, shrunken nylon, microfiber taffetas and monofilament gauzes undergo unspecified chemical and heat treatments and emerge as mysterious signature garments, unmistakably Miyake and equally at home in a wardrobe or an art gallery. They are sculpted forms, textured cocoons in astonishing materials that can be chemically pleated waves, crumpled and wrinkled or made into wrinkle-free acetate, rayon and linen mixes.

Alongside the interactive or reactive possibilities of new fibers, synthetic textiles will certainly bring about the softening, or "humanizing," of information technology by allowing it to be integrated with our clothing: anything that can be carried by a fiber can be woven or knitted into our garments. Soon, all our technologies will be wearable — the ultimate in computer "software."

SUSANNAH HANDLEY is a tutor in fashion and textiles at the Royal College of Art in London.



Quiet Revolution in Securities Trade

Foreign and Regional Banks Lure Wall Street's Stars

By Laurence Zuckerman
New York Times Service

NEW YORK — Kim Fennebresque had it all, doing mega-deals at one of Wall Street's most prestigious investment firms. But he threw it away last summer to join a Swiss bank with a reputation as little more than a marginal player on Wall Street.

A star performer in the 1980s who rose to become head of investment banking at Lazard Frères & Co., Mr. Fennebresque is in the vanguard of a quiet revolution on Wall Street. As the securities industry endures its most wrenching downturn since 1990, foreign and regional banks are swooping in to woo away talent.

They are positioning themselves for the expected repeal by Congress, perhaps this year, of the Glass-Steagall Act and other Depression-era laws that separate the businesses of commercial banks from those of brokerage houses and investment banks.

As these walls crumble and the financial services industry becomes increasingly global, large foreign banks such as Union Bank of Switzerland, which hired Mr. Fennebresque, are putting down roots in

the world's biggest financial center.

Although their expansion amounts to just a fraction of the thousands of jobs lost on Wall Street over the past year, the commercial banks are paying top dollar and, just as important to Wall Street veterans, putting their new employees in positions of real power.

"My time at Lazard Frères was fabulous," Mr. Fennebresque said. "But there was nothing I could ever do that would affect the ultimate destiny of Lazard."

There is plenty that he can do to shape the future of UBS. Already, he is assembling a team that will capitalize on the bank's name and global client list to develop a major advisory franchise in the United States.

It isn't just big European banks that hope to grab business from established investment banking firms. Smaller American players also smell opportunity, especially in financing the needs of small and mid-sized companies that Wall Street has long neglected. These banks also are scooping up investment bankers, many of whom are demoralized by the year-long wave of layoffs at the bigger firms.

"I don't have any sense of limits here," said Raymond Groth, who is heading up the fledgling mergers and acquisitions department of First Union Corp., a regional bank based in Charlotte, North Carolina, "whereas on Wall Street you have a very real sense of limits."

For years, First Union simply took deposits and lent money to corporations and consumers. Now it also helps companies raise funds by underwriting stocks and bonds, or helps them hedge financial risks by selling them derivative contracts.

Commercial banks, foreign and domestic, are on a hiring binge that almost seems a rebuke to Wall Street's retrenchment. First Union has hired about 70 securities professionals in the past 15

The Wall Street Job Market	
WHO'S FIRING	WHO'S HIRING
BANKERS TRUST 90 jobs eliminated this month; may cut 700 more by year's end.	DEUTSCHE BANK 100 jobs added in 1994, 750 more planned by 2000.
CITIBANK 50 to 60 jobs cut; another 250 to 300 by year's end.	FIRST UNION 70 in the last 14 months; 25 more this year.
GOULD INC. 1,000 jobs cut; 1,000 already cut.	ING CAPITAL 300 in 1994, 150 more this year.
LEHMAN BROTHERS 300 in 1994, no more planned.	NATIONSBANK 250 in the last two years; 50 to 60 planned.
MERRILL LYNCH 150 in 1994, 150 more planned.	UNION BANK OF SWITZERLAND 250 in 1994, 300 planned this year.
MORGAN GUENEE 150 in 1994, 150 more planned.	

See STARS, Page 17

Japan's Economy Shrank in Late 1994

Compiled by Our Staff From Dispatches

TOKYO — Japan's economy shrank in the final quarter of 1994, the government said Friday, and the year's recent surge is likely to dampen further prospects for recovery from the country's worst slump since World War II.

Japan's gross domestic product for the October-December quarter fell 0.9 percent from the previous quarter, ending four straight quarters of increases, the Economic Planning Agency said.

"Overall, capital investment is on a recovery track and demand for replacement durable goods is emerging," said Tsutomu

Tanaka, the vice minister of the government agency. "Against this backdrop, the economy is expected to stay on a recovery track."

But Mr. Tanaka also said it would be difficult to achieve the government's official forecast of 1.7 percent growth in the fiscal year that ends March 31.

Private economists agree, saying that the year's rise against the dollar might take its toll later this year. They forecast that growth would be slightly more than 1 percent for the fiscal year.

"The basic economic recovery trend remains intact, but the pace of recovery will

likely be very dull due to the renewed rise of the yen," Yozo Nishimura, a senior economist at the Bank of Tokyo, said.

The 0.9 percent decline canceled out the 0.9 percent economic growth recorded in the previous quarter.

The full extent of the damage the strong yen is causing is expected to be felt only after the new fiscal year starts April 1. The strong currency will probably translate into lower income from exports for Japanese manufacturers.

(Reuters, Knight-Ridder)

Cost Cuts Spell Return to Profit For Volkswagen

Bloomberg Business News

WOLFSBURG, Germany — Volkswagen AG said Friday it returned to profit in 1994, the first sign that cost reductions and higher productivity were paying off.

Volkswagen's income of 150 million Deutsche marks (\$107 million), after a loss of 1.94 billion DM in 1993, means that holders of common shares can expect the 1994 dividend to increase to 3 DM from 2 DM in 1993. The preferred-share dividend will double to 4 DM from 2 DM.

The company said 1994 sales rose to 80 billion DM from 76.6 billion DM in 1993. Unit sales last year were up nearly 7 percent, to 3.294 million vehicles.

A "continuation of the positive results trend" is expected for 1995 because of the success of the new VW Polo, the Audi A4 and the Skoda Felicia, the company said.

"In 1995, with little change in production and sales figures, there will be a further slight improvement in results because of the success of the transformation process," the company said.

The "transformation" refers to the cost-cutting program and productivity gains Volkswagen has implemented in the past few years, said Hans-Peter Blochinger, a Volkswagen spokesman.

"The turnaround is complete," said Jürgen Melzer, auto analyst at DB Research, the investment research unit of Deutsche Bank AG. "It's just out of dynamic, not as strong, as was hoped for."

Still, Volkswagen's 1994 net income and sales were in line with Mr. Melzer's and other analysts' expectations. Volkswagen's shares closed at 353.50 DM Friday, up 3.50.

But what disappointed analysts was Volkswagen's outlook for only a slightly better result in 1995, which is more pessimistic than most other car companies and less than expected for Volkswagen.

"I don't believe that it will be that bad," said Georg Stürzer, auto analyst at Vercisbank in Munich.

Mr. Stürzer said Volkswagen's chief executive, Ferdinand Piëch, had always tried to play down expectations, perhaps in the hope of making good results seem better.

There is a political component, Mr. Melzer said, adding there also were some fundamental reasons why Volkswagen might still have problems in 1995.

The company must renegotiate its wage contract with employees this year, currency turbulence continues to cut into margins and financial instability is hurting operations in Mexico and Latin America, Mr. Melzer said.

■ Fiat Leader Faces Probe

Cesare Romiti, group managing director of Fiat SpA, has received an official warning from the Turin prosecutors' office that he is under investigation for alleged falsification of accounts, judicial sources said Friday, according to a Knight-Ridder report from Turin.

Mr. Romiti, the No. 2 executive in Italy's most powerful industrial group, was placed under investigation at the start of this week, the sources said.

Fiat confirmed that Mr. Romiti received a judicial warning, but said it expected inquiries to show that payments under investigation by the magistrates had been properly recorded in the accounts of company subsidiaries.

ECONOMIC SCENE

Dollar Is Catching Up With Reality

By Steven Pearlstein
Washington Post Service

WASHINGTON — The big question recently has been why the value of the dollar has fallen sharply. But the better question might be why it has taken so long.

As Robert Z. Lawrence, a Harvard University economist, points out, until the recent declines, the value of the dollar against all currencies, adjusted for different inflation rates, was about where it was in the early 1980s, despite the fact that over the same period of time the United States has become the world's greatest debtor country.

"Isn't it wonderful that our economic performance has not been reflected in the value of our currency?" said Mr. Lawrence, his tongue firmly in his cheek.

Just this week, for example, the government reported that the United States ran up a deficit of \$156 billion in its trade and income transactions with the rest of the world — the second-highest in history. Over the past five years, the current account deficit totaled \$426 billion — dollars that flowed out of the country and into the hands of foreigners.

Foreign companies and individuals have been recycling about half of those dollars back into the United States, building auto plants in Tennessee, buying office buildings in Manhattan and building up large portfolios of stock in U.S. companies, bonds from the U.S.

Treasury and certificates of deposits from U.S. banks.

But the rest of those dollars, by and large, are now in the hands of the world's central banks, which have concluded that there is more to be gained by simply holding dollars than selling them off on foreign-exchange markets and driving down the dollar's value even more. The stash of dollars in the hands of foreign central banks has now topped a half

trillion dollars, according to the International Monetary Fund, and is growing every day.

Getting foreign governments to hold onto the U.S. currency almost indefinitely is a neat trick, one that few other countries could pull off. (Actually, the central banks don't just put the dollars in a vault. They invest them in short-term U.S. Treasury bills, which pay yet more dollars in interest.) These governments are not being nice. They have concluded that supporting the dollar by adding to their dollar reserves is the least distasteful of their economic options.

In a world without the gold standard, the dollar is as close as there is to a reliable medium of universal exchange. Many of the world's commodities, from copper to oil, are priced in dollars. On foreign-exchange markets, the dollar is involved in one way or the other in 85 percent of the transactions. Often the only way to exchange Mexican pesos for British pounds is to convert pesos into dollars and then dollars into pounds.

In addition, industrial countries' banks and private investors often have significant investments in the United States. Any precipitous decline in the value of the dollar would cause a sharp drop in the value of those investments, with the risk that the losses could trigger a financial panic back home.

For better or worse, then, the stability of the world financial system is tied, at least in part, to the stability of the dollar.

Just as important, some countries fear that a falling dollar, and the relative rise in the value of their own currencies, would make American goods cheaper on world markets and their own goods more expensive. In most countries, such a trade-off would be beneficial to their consumers, lowering prices for many items. But it could also result in the temporary loss of jobs, particularly in export industries.

Free markets, however, have an irresistible logic about them, and in the long run even governments and central banks are finding it difficult to shield the United States from the economic consequences of a falling dollar.

See SCENE, Page 17

CURRENCY & INTEREST RATES

Cross Rates									
	USD	DM	FF	Yen	GBP	Swiss	French	Italian	Spanish
Australia	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Canada	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
France	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Germany	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Italy	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Japan	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
UK	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Switzerland	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Spain	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Sweden	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
South Africa	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
South Korea	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Taiwan	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Thailand	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Turkey	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
US Dollar	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Yen	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38

Changes in Amsterdam, London, Milan, Paris, New York, Toronto and Zurich, 1995. Rates in other cities are available on request. To buy one dollar: * Units of 100; N.Y.: not quoted; N.A.: not available.

Eurocurrency Deposits									
	USD	DM	FF	Yen	GBP	Swiss	French	Italian	Spanish
1 month	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
3 months	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
6 months	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
1 year	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Key Money Rates									
US Treasury	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Prime rate	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Federal funds	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month T-bill	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month T-bill	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year T-bill	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month Euro	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month Euro	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year Euro	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month Yen	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month Yen	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year Yen	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month DM	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month DM	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year DM	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month FF	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month FF	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year FF	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month GBP	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month GBP	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year GBP	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month Swiss	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month Swiss	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year Swiss	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month French	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month French	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year French	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month Italian	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month Italian	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year Italian	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month Spanish	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month Spanish	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year Spanish	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%

Source: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo, Commerzbank Credit, etc.

Firms Join In Japan To Develop Disk Drives

The Associated Press

TOKYO — Hoping to catch up with American rivals, Japan's four largest computer companies are forming a consortium to research and develop hard disk drives and other key memory storage devices used in computers.

Although Japanese companies are strong in certain personal computer components, like in flat-panel display screens, U.S. companies hold the lion's share of the \$19 billion worldwide hard disk drive market.

As sales of personal computers have boomed in recent years, so has demand for increasingly powerful devices to store the information inside of them. Japanese industry expects the hard disk drive market will grow to \$23 billion by 1998.

Japanese companies have to do "something to challenge the United States," Mark Pearce, a spokesman for one of those companies, NEC Corp., said Friday.

To that end, NEC, Toshiba Corp., Hitachi Ltd. and Fujitsu Ltd. are jointly spending 200 million yen (\$2.2 million) to form the Storage Research Consortium.

The consortium, which kicks off in May, will bring the companies' scientists together with top university professors and other experts.

"It would be very difficult for any one of the four disk drive makers to act alone" because of high costs and product development cycles of only six months, said Michael Beirne, a Fujitsu spokesman.

The idea of forming a consortium to cooperate and compete against long odds in a high technology industry is nothing new.

U.S. companies and Washington joined up to build Sematech in the mid-1980s. The consortium helped U.S. semiconductor makers compete with Japanese rivals like NEC and Hitachi, who controlled the market and had in turn been helped by Japanese government-sponsored research programs.

The new Japanese consortium is an answer to a much better funded U.S. group, the National Storage Industry Consortium founded in 1993.

An Economy in Balance

Lower U.S. Rates Point to Soft Landing

By John M. Berry
Washington Post Service

WASHINGTON — Since peaking in November, when the U.S. economy was roaring ahead and investors increasingly were worried that inflation was going to take off, longer-term interest rates have tumbled and some analysts say they are headed lower still.

In the past week, rates on 30-year, fixed-rate mortgages fell a quarter percentage point to a nationwide average of 8.38 percent, well below a mid-December high of 9.25 percent, the Federal Home Loan Mortgage Corp. said.

The decline in rates suggests to some analysts that the U.S. economy remains remarkably well-balanced and that the transition to slower but still healthy growth is unlikely to be derailed into recession.

The driving force behind the unexpected decline in rates has been a major shift in investor psychology, analysts said. The shift began in November, when the Federal Reserve Board raised short-term interest rates by three-quarters of a percentage point.

The increase was the sixth and largest of the year in the Fed's effort to lower economic growth and keep inflation from rising. The action seemed to convince market participants that the Fed chairman, Alan Greenspan, and other central bank policymakers would do whatever was required to cool off a rapidly overheating economy.

Over the past two months, other signs that growth has slowed as the Fed intended and that inflation is not likely to worsen much this year have provided a solid base for a big rally in bond prices, which go up when rates decline.

Meanwhile, falling rates also have been a major factor in surging stock prices, analysts said. Since rates turned down in November, the Dow Jones average of 30 industrial stocks shot up to record high levels.

That kind of stock and bond market strength has dampened concerns of analysts and policymakers over the recent decline of the dollar

MARKET DIARY

Stocks Are Mixed
As Options Expire

Bloomberg Business News
NEW YORK — U.S. stocks finished mixed Friday as efforts to extend a rally that had already driven major market averages to record highs twice this week showed only moderate success.

Equities were being held back by a weak dollar and a soft

U.S. Stocks

market for Treasury bonds, and trading was also skewed by a simultaneous expiration of stock options and index futures and options. But some analysts remained optimistic that corporate earnings would continue to grow this year even as the U.S. economy slowed down.

"The earnings momentum is still strong," said Steven Adler, president of ASM Flier in Tampa, Florida. He predicted that earnings of the 30 companies in the Dow Jones Industrial average would grow by an average of 26 percent this year.

The Dow gained 4.50 points to close at 4,073.65. But declining issues outweighed advancing ones on the New York Stock Exchange by slightly better than a 3-to-2 ratio on heavy

volume of about 415 million shares. Consumer stocks were among those that gained. Since the first of January, the Morgan Stanley Index of 30 consumer stocks has risen 11.3 percent, while its index of 30 so-called cyclical stocks, whose performance is going up or down with the overall economy, has gained only 1 percent.

Consumer companies "have improved earnings relative to the S&P 500 compared with the cyclical, which are probably at peak earnings growth," said Anthony Dwyer, chief market strategist at Josephthal Lyon & Ross. "You want to own stocks whose relative earnings growth is going up, not down, and that are not subject to an economic slowdown."

Among the most active stocks on the Big Board were Telefonos de Mexico's American depositary receipts, up 1/4 to 26 1/2, McDonald's, up 1/4 to 35 1/4, and PepsiCo, up 1/4 to 40 1/4. Motorola fell 1 to 52 1/4.

The benchmark 30-year Treasury bond fell 1/32 point, to 103 1/4, leaving the yield unchanged at 7.36 percent.

Deutsche Mark's Gains
Drag Down the Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell against most major currencies Friday as traders sold the U.S. currency in light of the Deutsche mark's rise against other European currencies.

The dollar closed at 1.3857 DM, down from 1.3955 Thursday.

Foreign Exchange

day. It also slipped back below the 90-yen barrier, at 89.10 yen from 90.20 yen.

The dollar fell to 1.1505 Swiss francs from 1.1640 francs and to 4.9543 French francs from 4.9705 francs. The pound fell to \$1.5840 from \$1.5885.

But traders were more concerned about the mark's rise against the currencies of its neighbors.

After the Bundesbank did not lower interest rates after its biweekly council meeting Thursday, the mark set record highs against the pound, the lira and the peseta.

The Spanish currency was

kept from free-fall, brokers said, by intervention by the Bank of Spain. But the lira, pressured by political turmoil that endangered the government and its fiscal reform, was especially hard hit.

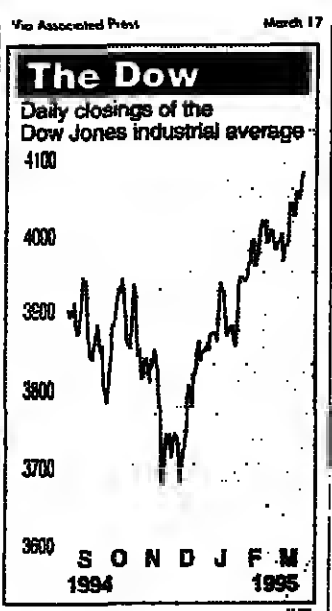
"The ERM is unraveling," Robert White of Standard Chartered Bank in New York said of the European Monetary System's exchange-rate mechanism. "You have to question its ability to stay intact."

Markets seemed to care little that the president of the central bank, Hans Tietmeyer, described the mark as "slightly overvalued" as it rose Friday.

"We're seeing another surge by the mark against peripheral European currencies," Tom Hoge, a Bank of New York trader, said, "and that has also boosted the mark against the dollar."

Belal Khan at the Bank of Tokyo agreed: "The mark is again dominant in Europe, and that filters into the mark against the dollar."

(Bloomberg, Knight-Ridder)



NYSE Most Actives

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,000,000	100.00	99.00	99.50	-0.50
Microsoft	500,000	50.00	49.00	49.50	-0.50
Apple	300,000	30.00	29.00	29.50	-0.50
Oracle	200,000	20.00	19.00	19.50	-0.50
Amazon	100,000	10.00	9.00	9.50	-0.50

NASDAQ Most Actives

Symbol	Vol.	High	Low	Last	Chg.
Ally	1,000,000	10.00	9.00	9.50	-0.50
Ally	500,000	5.00	4.00	4.50	-0.50
Ally	300,000	3.00	2.00	2.50	-0.50
Ally	200,000	2.00	1.00	1.50	-0.50
Ally	100,000	1.00	0.50	0.75	-0.25

AMEX Most Actives

Symbol	Vol.	High	Low	Last	Chg.
AMEX	1,000,000	10.00	9.00	9.50	-0.50
AMEX	500,000	5.00	4.00	4.50	-0.50
AMEX	300,000	3.00	2.00	2.50	-0.50
AMEX	200,000	2.00	1.00	1.50	-0.50
AMEX	100,000	1.00	0.50	0.75	-0.25

Market Sales

Symbol	Vol.	High	Low	Last	Chg.
NYSE	1,000,000	10.00	9.00	9.50	-0.50
NYSE	500,000	5.00	4.00	4.50	-0.50
NYSE	300,000	3.00	2.00	2.50	-0.50
NYSE	200,000	2.00	1.00	1.50	-0.50
NYSE	100,000	1.00	0.50	0.75	-0.25

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
Dow Jones	4073.65	4080.00	4060.00	4073.65	-6.35
S&P 500	1024.15	1025.00	1020.00	1024.15	-0.85
NASDAQ	1337.75	1338.00	1335.00	1337.75	-0.25

Standard & Poor's Indexes

Index	Open	High	Low	Last	Chg.
Industrial	1024.15	1025.00	1020.00	1024.15	-0.85
Transport	1024.15	1025.00	1020.00	1024.15	-0.85
Utilities	1024.15	1025.00	1020.00	1024.15	-0.85
Financial	1024.15	1025.00	1020.00	1024.15	-0.85
SP 100	1024.15	1025.00	1020.00	1024.15	-0.85

NASDAQ Indexes

Index	Open	High	Low	Last	Chg.
Composite	1337.75	1338.00	1335.00	1337.75	-0.25
Biotech	1337.75	1338.00	1335.00	1337.75	-0.25
Healthcare	1337.75	1338.00	1335.00	1337.75	-0.25
Technology	1337.75	1338.00	1335.00	1337.75	-0.25
Finance	1337.75	1338.00	1335.00	1337.75	-0.25

NYSE Indexes

Index	Open	High	Low	Last	Chg.
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Utilities	1024.15	1025.00	1020.00	1024.15	-0.85
Financial	1024.15	1025.00	1020.00	1024.15	-0.85

AMEX Stock Index

Index	Open	High	Low	Last	Chg.
AMEX	1024.15	1025.00	1020.00	1024.15	-0.85
AMEX	1024.15	1025.00	1020.00	1024.15	-0.85
AMEX	1024.15	1025.00	1020.00	1024.15	-0.85
AMEX	1024.15	1025.00	1020.00	1024.15	-0.85
AMEX	1024.15	1025.00	1020.00	1024.15	-0.85

Dow Jones Bond Averages

Bond	Open	High	Low	Last	Chg.
10 Year	102.41	102.45	102.35	102.41	-0.04
30 Year	102.41	102.45	102.35	102.41	-0.04
1 Year	102.41	102.45	102.35	102.41	-0.04
2 Year	102.41	102.45	102.35	102.41	-0.04
5 Year	102.41	102.45	102.35	102.41	-0.04

NYSE Diary

Symbol	Open	High	Low	Last	Chg.
IBM	100.00	100.00	99.00	99.50	-0.50
Microsoft	50.00	50.00	49.00	49.50	-0.50
Apple	30.00	30.00	29.00	29.50	-0.50
Oracle	20.00	20.00	19.00	19.50	-0.50
Amazon	10.00	10.00	9.00	9.50	-0.50

AMEX Diary

Symbol	Open	High	Low	Last	Chg.
AMEX	1024.15	1025.00	1020.00	1024.15	-0.85
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NASDAQ Diary

Symbol	Open	High	Low	Last	Chg.
Ally	10.00	10.00	9.00	9.50	-0.50
Ally	5.00	5.00	4.00	4.50	-0.50
Ally	3.00	3.00	2.00	2.50	-0.50
Ally	2.00	2.00	1.00	1.50	-0.50
Ally	1.00	1.00	0.50	0.75	-0.25

Spot Commodities

Commodity	Today	Prev.
Aluminum	0.79	0.77
Copper	0.77	0.75
Gold	380.00	378.00
Iron Ore	21.00	20.00
Lead	0.40	0.38
Nickel	0.40	0.38
Silver	0.40	0.38
Steel	0.40	0.38
Wheat	0.40	0.38
Yield	0.40	0.38

Thomson-CSF to Cut Loss

PARIS — Thomson-CSF, France's state-controlled defense-electronics company, said Friday that its 1994 loss would be about half its 1993 loss of 2.3 billion French francs (\$465 million).

The company said the result would include Thomson-CSF's share of the 1994 loss sustained by Credit Lyonnais, the state-controlled French bank, which is about 19 percent owned by Thomson-CSF.

Credit Lyonnais said Friday that its 1994 loss would be about 12 billion francs.

Thomson-CSF also said it would not participate in a rescue plan for the beleaguered bank.

EUROPEAN FUTURES

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Dow Jones	4073.65	4080.00	4060.00	4073.65	-6.35
S&P 500	1024.15	1025.00	1020.00	1024.15	-0.85
NASDAQ	1337.75	1338.00	1335.00	1337.75	-0.25

Metals

Index	Open	High	Low	Last	Chg.
Aluminum	0.79	0.79	0.77	0.77	-0.02
Copper	0.77	0.77	0.75	0.75	-0.02
Gold	380.00	380.00	378.00	378.00	-2.00
Iron Ore	21.00	21.00	20.00	20.00	-1.00
Lead	0.40	0.40	0.38	0.38	-0.02
Nickel	0.40	0.40	0.38	0.38	-0.02
Silver	0.40	0.40	0.38	0.38	-0.02
Steel	0.40	0.40	0.38	0.38	-0.02
Wheat	0.40	0.40	0.38	0.38	-0.02
Yield	0.40	0.40	0.38	0.38	-0.02

Financial

Index	Open	High	Low	Last	Chg.
10 Year	102.41	102.45	102.35	102.41	-0.04
30 Year	102.41	102.45	102.35	102.41	-0.04
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2 Year	102.41	102.45	102.35	102.41	-0.04
5 Year	102.41	102.45	102.35	102.41	-0.04

3-MONTH EURO DOLLAR (LIBOR)

Index	Open	High	Low	Last	Chg.
3-Month	102.41	102.45	102.35	102.41	-0.04
3-Month	102.41	102.45	102.35	102.41	-0.04
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3-Month	102.41	102.45	102.35	102.41	-0.04

Thyssen Plans Dividend After Sales Increase

general public. "Selling off the shares on the bourse is still an option, but no longer a priority," a Thyssen official said. *(Bloomberg, AFX)*

special challenges, he said.

The government said the offers would be studied by the Privatization Commission and also by Economy Minister Edmond Alphandéry in consultation with Industry Minister José Rossi.

[illegible]

Reuters, Bloomberg, Knight-Ridder, AP

Mr. Rohrbasser of UBS North America says the shift in attitude has been revolutionary.

complete with imports and eventually even goods not involved in international trade.

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ASIA/PACIFIC

U.S. Quietly Renews Push for Japan Auto Pact

Los Angeles Times Service

WASHINGTON — The White House has quietly begun to step up pressure on Japan to reach an agreement to open its auto market to U.S. companies, and it summoned the Japanese ambassador to emphasize the importance of the issue.

Negotiators have made "zero progress" in their attempt to break down Japanese barriers to imports of U.S. autos and auto parts, a senior Clinton administration official said.

While the United States is holding back from specific threats of trade sanctions or from setting specific deadlines, it might try to move up to next month a September deadline the two countries set for reaching an accord.

"We will not wait forever," said the official, speaking on condition of anonymity. "The time for serious negotiations and resolution of this issue is now."

The renewed but behind-the-scenes effort comes shortly after the administration turned a corner in another troublesome trade relationship—reaching a copyright piracy agreement with China—and at a time when negotiations with European countries have been put on hold because of a dispute over naming the first chief of the World Trade Organization.

U.S. officials expressed concern that Tokyo may have misunderstood Washington's low-key approach as a lack of interest. "Nothing could be further from the truth," Mickey Kantor, the U.S. trade representative, is said to have warned Ambassador Takakazu Kurijama on Thursday.

The new push also comes as pressures are building on President Bill Clinton to take action. The House minority leader, Representative Richard P. Gep-

hardt, Democrat of Missouri, is talking about seeking legislation to retaliate against unfair Japanese trade practices, and nearly 100 members of Congress have signed a letter to Mr. Clinton warning him that talks with Japan must show some sign of progress by the end of the month to avoid deterioration of U.S.-Japanese ties.

The only operative agreement between the two countries regarding autos was reached in 1992, when Japan voluntarily pledged to buy \$19 million worth of U.S. auto parts over a period that ends March 31.

In 1994, Japan ran up a \$65.7 billion trade surplus with the United States, nearly two-thirds of which was attributed to the nearly one-way auto trade. While U.S. auto sales are slowly increasing in Japan, the market is still considered nearly closed, with U.S. companies holding only a 1.5 percent share.

The auto talks are a critical element in the framework established for U.S.-Japanese trade negotiations in July 1993, when Mr. Clinton visited Tokyo. With progress made in such business sectors as glass sales, medical equipment and telecommunications, negotiators last year quietly turned their focus toward automotive issues, the most intransigent and potentially lucrative element of the trade agenda.

The senior administration official said that Mr. Kantor had expressed to Mr. Kurijama the administration's "strong concern" about the lack of progress in an area in which the United States is "wide open" to foreign products, with Japan automobiles accounting for 24 percent of the U.S. market.

Japan Brokers Face the L-Word

Bloomberg Business News

TOKYO — Losses at Japan's brokerages are ballooning as they feel the squeeze of an extended slump in the country's stock market, and analysts say some firms are going to have to break with tradition and start laying off employees.

Eighteen medium-sized and small brokers lowered their earnings estimates on Friday, and none is expecting to make money in the year that ends on March 31. Their earnings have been buffeted by low trading volume and tumbling stock prices. The Nikkei Stock Index of 225 issues slipped 0.64 percent Friday, to 16,251.23 points.

"Volume has not been anywhere near where we thought it would be," said Takashi Kaminami, managing director at Sanyo Securities. "Our earnings from commissions have suffered as a result."

His company widened its forecast loss by 77 percent, to 33 billion yen (\$368 million). Sanyo had expected a daily average trading volume of around 400 billion yen on the first section of the Tokyo Stock Exchange, but trading has averaged less than 300 billion yen during the past four months, Mr. Kaminami said. Sanyo was not alone. Kankaku Securities raised its loss outlook 231 percent, to 29.8 billion yen. Wako Securities flipped its prediction to a 25 billion yen loss from a 1 billion yen profit. New Japan Securities estimated a 17.5 billion yen loss instead of a profit of 4.5 billion yen.

At some smaller firms recording their fifth straight year of losses, analysts said they may have to consider an option that has been avoided until now: layoffs.

"Over the past three years, the brokers implemented all they can do in terms of cost cutting, so the only area they have left is to actually lay people off," said Linda Daquil, a financial analyst at Lehman Brothers Inc. "With the market remaining at these levels, the only thing they can do is to review the lifetime employment system."

None of the firms that revised their earnings forecasts on Friday said they would lay people off, but almost all said they were trying their best to cut labor costs.

Many of the companies said they were reducing costs by transferring employees to subsidiaries or branch offices.

Kankaku Securities said it would move about 200 employees to subsidiaries and other related companies, transfer 150 to sales departments of branch offices and look for volunteers for early retirement among its 280 employees who are older than 50.

Analysts said the poor showing of the medium-sized brokerages was no surprise but the size of their forecast losses was.

They said severe staffing cuts, support from other companies and a miracle revival of the stock exchange would be needed to make these companies profitable again.

"It's gotten to the stage where they need outside support," Ms. Daquil said. "Is there any light at the end of this tunnel? At this rate, no," she said. "The market has just lost all of its energy with the earthquake, the appreciation of the yen, decelerating corporate profit growth, unwinding of cross-holdings. Everything is really negative."

Surge in Hong Kong

Heavy buying by overseas investors pumped up Hong Kong shares on Friday, lifting the key index above 8,500 points for the first time since Nov. 29, The Associated Press reported from Hong Kong.

The surge followed Thursday's record close of the Dow Jones industrial average in New York.

The blue-chip Hang Seng Index soared 186.96 points, or 2.24 percent, to 8,534.71.

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THE
REPORT

FIRST COLUMN
The Myth Of International Markets

There are times when one wonders whether the concept of international finance is, as far as the individual investor is concerned, no more than that — just a concept.

The clearing of personal checks affords a good example of how the big players — the institutional investors and the banks — seem almost to be conspiring against the individuals from whom they make so much money. The transfer of funds across borders is generally carried out with great speed and efficiency — if the parties are banks, that is.

Naturally enough, if the fund transfer is being effected between individuals or small businesses, things are very different. Nevertheless, the rates charged for processing a check made out in a nonlocal currency are generally penal. Always assuming, that is, that the consumer can persuade the bank to process "foreign" paper at all.

The consumers' difficulties, say the institutions, arise from the fragmented nature of the world's financial system. Each nation has its banking and insurance regulations, and it is difficult to move smoothly from one country to another.

This is doubly true, we are told, when the service being provided is insurance. Insurance is all about knowing your risk, and ultimately there is no substitute for local knowledge. So by definition we are left with a situation of disparate markets, each with its specialists.

That argument may hold good for, say, a Thai man seeking life insurance from a Venezuelan insurer. But for the international consumer, the expatriate or the person working in more than one country, it is little short of a catastrophe. "International" life, accident or health policies are invariably very expensive, despite the easily quantifiable risk that, say, a high-profile executive — supposedly an inhabitant of the global village — typically represents. Sadly, progress to homogeneity will be later rather than sooner, if the disparity in the EU insurance market is any guide.

M.B.

For Insurance Buyers, It's Still Very Much a Europe of Nations

By Barbara Wall

The assumption that the adoption of a single market in insurance would stimulate competition and allow consumers access to a wider range of contracts has proved fanciful, according to BEUC, the European Consumers Association. The organization reports that Belgian consumers are still paying double the insurance premium of their French neighbors for the same level of cover, while the hard-pressed Austrians can face rates three times higher than their British counterparts. Worst off are the Portuguese, who, according to the consumers' group, typically pay up to eight times more than British consumers for the same life insurance policy.

BEUC states that Britain, Ireland and the Netherlands are the least expensive countries. They are also the countries where insurance companies freely set their own premiums. The more expensive countries are the so-called "tariff" market, such as Portugal, Greece and Austria, where the authorities have a hand in setting prices.

Although EU nationals can theoretically buy insurance from a company in a different member state, their efforts are frequently thwarted by tax restraints, linguistic problems and administrative barriers.

Alan Rae, assistant director for the pan-European insurers Eureka, an alliance of five major insurance companies, including Friends Provident in Britain, remarks that in some countries insurance contracts have to be written according to local laws, which can be onerous for foreign insurers. He also notes that the expense of marketing products in other European states is considered far too high given the relatively low volume of expected sales.

Manfred Ayasse, a director with the German insurers Allianz, said that such simple insurance products as term insurance can be sold across borders without too much difficulty. However, he notes that few insurers would be interested in writing this business as it generates very little profit. Even if clients approach companies on an own initiative basis there is no guarantee that the insurer will accept the business.

"Life insurance products which have an investment element attached are a much more attractive proposition for insurers. But it is extremely difficult to sell these contracts to foreign nationals," says Mr. Ayasse. "Pension products which are designed to supplement the old-age pension are particularly problematic as the insurance adviser must have a clear idea of how

the social security system operates in the client's country of residence before dispensing product advice."

On top of this there are tax issues to consider. Most states allow citizens to deduct insurance premiums from taxable income provided the policy is bought from a local insurer. The situation is less clear cut if the policy is sold by a foreign insurer. Moreover, some states apply a premium tax on insurance contracts that is usually paid by the local insurance company. Where the policy is bought from a foreign insurer, the policyholder or broker ends up shouldering the tax burden. Until EU tax harmonization is a reality, uncertainty over the tax treatment of insurance contracts will continue.

Despite the difficulties involved in the sale of cross-border insurance policies, a growing number of companies are expressing an interest in this market, though for the time being some companies have limited their interest to specific countries. The international division of British insurers Friends Provident, for example, tailors its product literature to the Swedish market. Sweden is unusual in that last year around half of all insurance premiums went to foreign insurance companies. Mr. Rae says that this is largely due to the fact that the Swedish government does not discriminate against foreign insurers by imposing a premium tax on foreign insurance contracts. He adds that the weakness of the Swedish Krona also encouraged many Swedes to invest in British life insurance contracts.

Although the situation in Sweden is unique, the odds of other markets opening up to foreign competition is thought to be quite high. Until all markets reach their full potential, however, few insurers are prepared to offer a truly pan-European service.

Of the insurers surveyed, Cynnet Life at Lloyds in Britain offers one of the most comprehensive services, with contracts available in a range of foreign currencies and proposal forms written in several different languages, including French, German, Italian, English and Swedish. The Dutch insurer Nationale Nederlanden also offers a range of foreign currencies and claims to offer proposal forms in Dutch, English and German. The offshore arm of Italian insurer Generali writes insurance contracts in up to nine currencies, but the proposal forms are in English only. A spokesman for the company said that translators are available to assist clients who cannot read English.

There is also a handful of British life offices prepared to offer pound-denominated contracts to European nationals.

Page 21
Internationally underinsured?
Mortal illness and life policies
Toward a unified Europe
Pre-expiry policy values

This type of contract will be mainly of interest to British nationals.

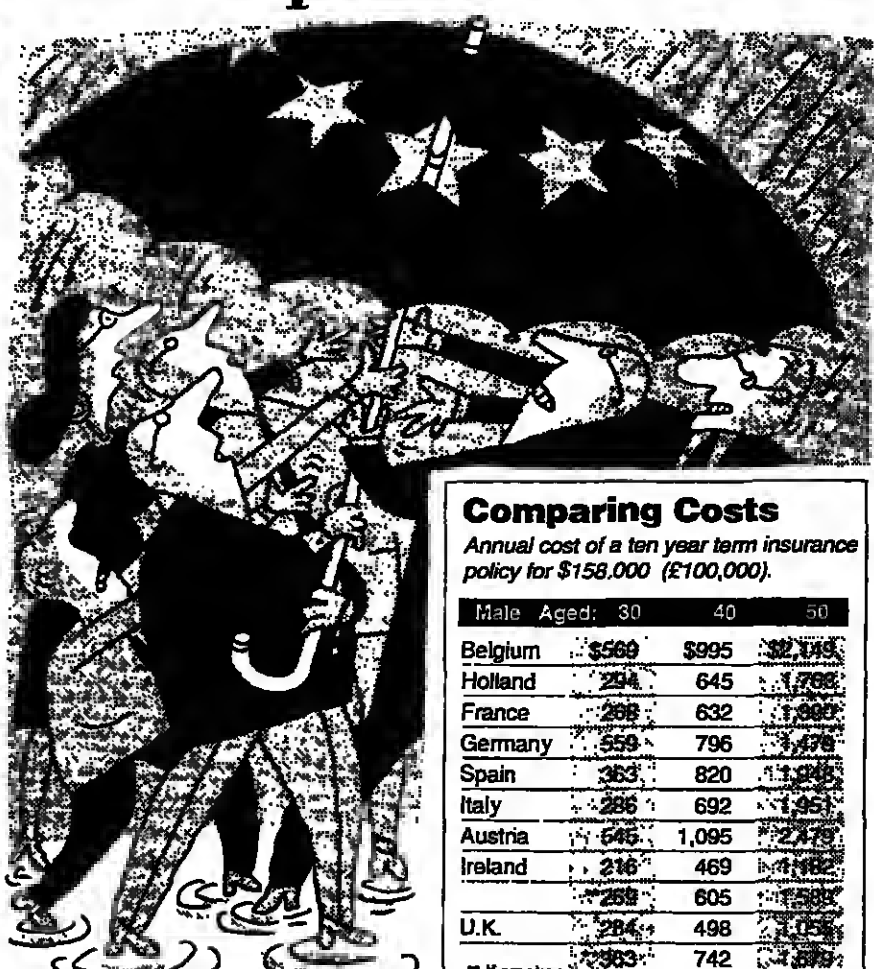
"It is essential that certain products, such as permanent disability insurance, are written in the client's home currency," said Mr. Rae. "Where there is a monthly income at stake the amount should not depend on the vagaries of currency movements."

When comparing insurers you may be tempted to opt for the cheapest cover available. This strategy will probably work for simple products such as term insurance, but it is not generally recommended for more complicated insurance contracts. Moreover, before committing your signature to the contract, check to see if a surcharge has been included in the premium rate. Some companies impose a surcharge on foreign currency contracts. This can bump up the premium by 15 percent.

Finally, it is worth bearing in mind that Continental European insurance companies rarely differentiate between smokers and nonsmokers, so there may be some advantage to be gained by signing with a Dutch or French insurer if you are a smoker. Conversely, British insurers offer competitive rates for nonsmokers. The savings for can be significant, especially for older age groups.

The expatriate market is proving a lucrative source of premium income for international insurers, say industry observers. A spokesman for the international arm of U.K. insurers Friends Provident, maintains that expatriates generally spend more on insurance products than domestic consumers. He adds that their interest also extends beyond basic term insurance and household coverage to such complex products as income replacement policies and investment products.

Rather than attempt to purchase insurance locally where the contract law may be unfamiliar, the choice of products limited and the quality of advice poor, many expats are typically advised to opt for an offshore insurance company which has a proven track record of dealing with expatriate clients.



Comparing Costs
Annual cost of a ten year term insurance policy for \$158,000 (£100,000).

Male Aged:	30	40	50
Belgium	\$560	\$995	\$1,795
Holland	294	645	1,708
France	268	632	1,600
Germany	559	796	1,376
Spain	363	820	1,328
Italy	286	692	1,351
Austria	646	1,095	2,179
Ireland	216	469	1,102
U.K.	284	498	1,103
— If smoker	363	742	1,389

Cross Border Insurers

Annual premiums for a ten year term insurance policy for \$158,000 (£100,000).

	Male aged 35:		Male aged 55:	
	Smoker	Non-smoker	Smoker	Non-smoker
Cynnet Life UK	\$398	\$265	\$2,170	\$1,147
Swiss Life UK	507	344	2,288	1,687
Albany Life UK	483	291	2,540	1,967
Scottish Eq UK	471	352	2,689	1,567
Friends Provident UK	268	213	2,811	940
Generali Guernsey	542	385	2,795	1,880
Zurich Life International	341	341	2,158	2,168
Nationale Ned. Hol	416	419	2,316	2,915

Source: Company reports.

Drawing by Heather Archer/BBT

Europe's Approaching Retirement Crisis Seizes the Baby Boomers' Attention

By Baie Netzer

Most investors are happy enough to make money on a single stock without searching for thematic investment concepts that link demographic trends, government legislation and new markets for a seemingly mature industry. Yet one of the few "grand visions" to have captured market watchers' attention is the looming retirement crisis in Europe and its potential windfall to life insurance companies selling private pension savings plans.

Like most popular investment themes, the coming crisis appears wide in scope, fairly predictable, and easy to understand. Unfortunately, it also asks investors to focus on a time horizon of 10 to 15 years.

There are three factors supporting this development, according to Derek Elias, an analyst with Paribas Capital Markets in London. First, the baby boomers born in Europe following World War II will begin retiring around the year 2005 and their numbers will only increase in the following decades. In Britain, for instance, the portion of the population over age 60 will rise from 21 percent in 1990 to 30 percent by 2050, Mr. Elias said.

Second, today's low birth rate will increase the state pension burden for members of Europe's future work force. While there were 4.8 French workers supporting every retiree in 1990, that ratio will fall more than half to 2.3 workers per retiree in 2050, Mr. Elias said.

"The numbers don't look much different in other European countries," he said. "In

the future, states will simply be unable to finance the huge costs of the social security systems."

Longer life spans allowing for prolonged retirements represent the third factor behind the coming crisis. These demographic developments and the likelihood that governments may eventually reduce state-sponsored pension benefits will likely force a growing number of Europeans to look to private pension saving plans for a measure of security.

Among the first to latch onto European pension developments as an investment theme was American mutual fund giant, Scudder, Stevens & Clark. Scudder's senior insurance analyst, Peter Taylor, said the pension revolution has already begun in Italy, the Netherlands and some Scandinavian countries as tough economic times

have placed traditional, highly socialized systems into question.

In Italy, for example, the recently privatized INA began encouraging many policy holders to invest in pension-based products after the Italian government wrote a tax break for private pension plans into the tax code, Mr. Taylor said.

"It's not so much that life-insurance companies are saying, 'Gee, let's try this product,'" Mr. Taylor said. "This is all being fostered by government changes because countries just can't afford these social systems any longer. It's a ticking time bomb."

Analysts warn, however, that investors seeking to profit from the coming changes will have a hard time finding many pure life-insurance stocks in Europe. The largest insurance conglomerates often combine

property-casualty operations with life-insurance businesses selling pension plans.

"The problem is that most of the pure life insurance companies are small," said Roland Andreasson, insurance analyst at Lehman Brothers in London. "So even though it's a great idea to buy life insurance stocks, from a practical standpoint, it's a hard industry to gain exposure to."

In France, the largest life-insurer is the government-owned CNP, which sells retirement savings plans through the French post office and regional banks. Scheduled to be privatized sometime this year, Mr. Elias of Paribas says the long-term prospects of the company are good.

The long-term nature of the European pension revolution that many are predicting makes it difficult for analysts to identify which specific insurers will have the

most success. UAF, for instance, sells private pension plans through branches of Credit Lyonnais, but because the plans are complicated, it has had more success with simple savings products, according to Mr. Andreasson.

"There's nothing short-term to tell me that there will be a lot of money flowing into private pension plans," Mr. Andreasson said. "Until governments give a straight signal that the state can't cope, people are going to believe them."

Political sensitivity to tampering with a pension benefits or enacting tax breaks means progress in most European countries is slow. In France, for instance, some type of tax break for individuals investing in private pension plans has been expected for two years, "but we keep seeing it delayed," Mr. Andreasson said.

Best and Worst Performing Emerging Market Funds
Total % return in U.S. dollars for Jan. 21, 1995

OVERALL LEADERS		OVERALL LAGGARDS	
Over three months			
Philippine Strategic Investments	30.21	East Europe Development Ltd.	-27.19
Korea Domestic Convertible Bond Fund	25.21	JP Thailand Trust	-27.18
Geo Summit Class E (Brazil Equity)	12.92	Global Asian Smaller Companies	-26.78
Geo Summit Class C (Brazil Fund Income)	12.44	Old World Waterway	-18.66
Golden Balanced Fund (Brazil Equity & Debt)	7.24	SE Asian Smaller Companies	-18.25
Geo Summit Class A (Brazil Fx Inv. & Debt)	6.25	Asia ASEAN Development	-17.91
Star High Yield (Brazil Fund Income)	2.19	Asia Pacific Trust	-17.70
Star High Yield (Brazil Fund Income)	2.19	Asia Pacific Trust	-17.70
Pioneer First Polish Trust	1.33	Asia Pacific Trust	-17.70
Diamond Debt (Brazil Fund Income)	0.28	Asia Pacific Trust	-17.70
Unifund Debt (Brazil Fund Income)	0.28	Asia Pacific Trust	-17.70
Over six months			
Geo Summit Class E (Brazil Equity)	46.70	Global Asia Growth	-55.32
SAM Brazil (Brazil Equity)	40.79	Emerging Mexico Fund	-56.57
Philippine Strategic Investments	35.65	Mexican Investment Company	-56.28
Emerging Fund Inc. (Brazil Equity)	25.65	Mexico Fund	-50.74
First Brazil Multi-Portfolio	21.51	Global Mexican Horizons	-49.95
Brazuca Fund Ltd.	20.15	ML Mexican Income Plus Portfolio B	-48.15
Geo Summit Class C (Brazil Fund Income)	21.37	Mexican Appreciation Fund B	-45.85
Pioneer (Chile Equity)	19.25	ML Mexican Income Plus Portfolio A	-45.85
Star High Yield (Brazil Fund Income)	18.25	Mexico Premium Income B	-44.66
Opportunity Brazil Fund Income	14.53	Banqueinvest Ad. 10 Mexico	-40.42
Over one year			
Geo Summit Class C (Brazil Fund Income)	53.34	Lippo Asian Growth	-74.10
Opportunity Brazil Fund Income	45.69	Mexican Investment Company	-64.95
Emerging Fund Inc. (Brazil Equity)	45.49	Emerging Mexico Fund	-64.23
Geo Summit Class A (Brazil Fx Inv. & Debt)	44.67	Banqueinvest Ad. 10 Mexico	-59.32
First Brazil Multi-Portfolio	43.22	Mexico Fund	-58.17
Star High Yield (Brazil Fund Income)	40.91	Global Mexican Horizons	-56.85
Industri (South Africa Equity)	37.42	ML Mexican Income Plus Portfolio B	-56.46
Brazilian Investments SA	35.25	Mexican Appreciation Fund B	-51.99
Samueli Debt (Global Fund Income)	35.25	ML Mexican Income Plus Portfolio A	-51.99
Philippine Strategic Investments	34.08	Banqueinvest Ad. 10 Mexico	-51.92
Over three years			
East Europe Development Ltd.	247.19	Lippo Asian Growth	-58.89
JP Thailand Trust	217.18	Lippo Asian Growth	-58.89
Global Asian Smaller Companies	206.78	Emerging Mexico Fund	-55.39
Old World Waterway	185.66	Mexico Fund	-54.09
SE Asian Smaller Companies	182.85	Paribas EA Mexico Portfolio	-51.75
Asia ASEAN Development	172.91	Global Mexican Horizons	-49.95
Asia Pacific Trust	172.70	Banqueinvest Ad. 10 Mexico	-49.75
Asia Pacific Trust	172.70	ML Mexican Income Plus Portfolio B	-47.75
Asia Pacific Trust	172.70	ML Mexican Income Plus Portfolio A	-47.75
Asia Pacific Trust	172.70	Mexico Premium Income B	-44.66
Asia Pacific Trust	172.70	Banqueinvest Ad. 10 Mexico	-40.42
Over five years			
Global Asia Growth	335.48	Lippo Asian Growth	-55.32
Toronto Trust Chile Fund	242.85	Emerging Mexico Fund	-56.57
Chile Fund Inc.	208.69	Mexican Investment Company	-56.28
New World Investment Fund	226.14	Mexico Fund	-50.74
JP India Trust	226.14	Global Mexican Horizons	-49.95
SAM East Asia	224.87	ML Mexican Income Plus Portfolio B	-48.15
Asia Pacific Trust	208.40	Mexican Appreciation Fund B	-45.85
Templeton Em Markets Fund Inc.	208.30	ML Mexican Income Plus Portfolio A	-45.85
JP Brazil Trust	202.75	Mexico Premium Income B	-44.66
Global Asian Smaller Companies	202.75	Banqueinvest Ad. 10 Mexico	-40.42
Asia Pacific Trust	187.40		
Over seven years			
Toronto Trust Chile Fund	1408.59	Lippo Asian Growth	-74.10
Emerging Mexico Growth Fund	583.39	Mexican Investment Company	-64.95
Thailand Fund	551.63	Emerging Mexico Fund	-64.23
Templeton Em Markets Fund Inc.	473.31	Banqueinvest Ad. 10 Mexico	-59.32
JP Brazil Trust	423.43	Mexico Fund	-58.17
JP Brazil Trust	418.09	Global Mexican Horizons	-56.85
JP ASEAN Trust	409.79	ML Mexican Income Plus Portfolio B	-56.46
SAM ASEAN	405.25	Mexican Appreciation Fund B	-51.99
Banqueinvest Ad. 10 Mexico	378.43	ML Mexican Income Plus Portfolio A	-51.99
Brazilian Investments SA	376.70	Banqueinvest Ad. 10 Mexico	-51.92

Source: Morningstar

BRIEFCASE

German Discount Broker Offers American Stocks

Direkt Anlage Bank, Germany's first discount broker, will begin offering 5,900 American stocks at commission rates 5 to 10 percent below prices offered by competing discount brokers as of April 1, according to Gerhard Huber, the company's chief executive officer.

The brokerage, a subsidiary of the Munich-based Hypo-Bank Group, opened its doors in May 1994, and currently attracts 1.6 million to 2 million Deutsche marks in customer deposits daily. Like most discount brokerages, DAB does not offer investment advice. Since no branch offices exist, customers must also transact all business by phone or fax.

For investors outside Germany, DAB's lack of a branch structure can make opening an account cumbersome. Because of German regulations forcing a bank to confirm the identity of its customers, investors in London, Paris or Singapore, say, must use either a contact within Germany to open an account or they must seek a written confirmation of their identity from the German mission in their country.

DAB's new commission schedule ranges from about 3 percent on \$2,000

transactions to 0.105 percent on \$1 million transactions. The rates apply to both exchange-listed and OTC stocks.

"Our approach is completely market-driven," said Mr. Huber. "We just looked at our competitors' rates and cut them by 10 percent."

For more information, call DAB in Munich at (49 89) 500 68 000, or fax at (49 89) 500 68 666.

Assets Managed by Baer Fell 11% During 1994

The increased emphasis that modern private bankers put on the investment fund business was underlined by Bank Julius Baer's recent results. Assets under management declined by 11 percent last year (after jumping more than 70 percent in 1993). The bank had some 4.8 billion Swiss francs (\$4.1 billion) held in investment funds under management at the end of 1994. More than three quarters of these assets were held in Luxembourg-domiciled vehicles.

British Property Market Recovering, Broker Says

It's too early for figures to offer any reliable evidence, but there has been consistent anecdotal evidence over the past

few weeks indicating an upsurge in the long-moribund U.K. residential property market.

Simon Tyler, director of the London-based mortgage brokers Chase de Vere, claims that "even though overall countrywide property statistics show practically no growth in the U.K. market, some properties added up to 20 percent last year."

"Allied to this," he said, "is the fact that the residential market is very strong with high yields being achieved especially with properties let to major corporations for their executives."

Mr. Tyler said that his company has had inquiries from a range of international investors wishing to purchase British property for purposes of investment.

ge providers, and Mr. Tyler said he can provide 100 percent loans for borrowers able to offer "solid offshore collateral," usually within 24 hours.

For more information, call Chase de Vere in London (44 171) 930 72 42, or fax at (44 171) 930 3691.

The Money Report is edited by
Martin Baker

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Abbreviations: (C) - control; (W) - weaker; (B) - 24-months; (T) - tortoiseshell; (any) any species; (C) -

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THE MONEY REPORT

Help for the Terminally Ill

By Judith Rehak

Suppose you have a terminal disease and you've been told you have only a year to live. Perhaps you need to come up with the cash to pay for a bone marrow transplant, or maybe you want to pay for an AIDS drug that your medical insurance doesn't cover, or perhaps you're too ill to work and the bills are piling up.

Tapping into your life insurance benefits to pay for such costs in a terminal illness is relatively new in the United States, but it is becoming more common, spurred in a large part by the AIDS epidemic. The concept is called "accelerated death benefits" and it allows the terminally ill who have a year or less to live to receive part of their death benefits while they are still alive.

Some 215 life insurance companies, which handle 70 percent of the life insurance business in the United States, now offer this option and in most cases, policyholders only pay for it if they use it, according to the American Council on Life Insurance.

The circumstances under which benefits are paid out, and the amounts, vary among insurers. For example, Prudential Insurance Co., which pioneered the concept and has actively promoted it since 1990, will pay out as much as 90 to 95 percent

of a policy's value to an individual whose doctor certifies that they have six months or less to live. It has paid the most claims—some 690 averaging \$79,450 apiece—up to the end of 1994.

A more conservative approach is taken by Northwestern Mutual Life Insurance Co., which has paid 35 claims since it introduced the benefit two years ago, and will advance a maximum of 50 percent, or \$250,000—whichever is the smaller—to a policyholder with six months to live. "We rely on our field agents to let us know who might need it," explains Greg Oberland, the company's vice president of life and disability benefits.

Insurance companies report that holders are using their accelerated death benefits primarily for AIDS and cancer treatment, but they also need them to deal with the financial devastation that comes when a wage earner is too ill to work.

"Several persons paid off creditors, and one person who was going to lose his home paid off the mortgage so he had a place to live until he died," said a Prudential spokesman.

Others have used part of the death benefit for "peace of mind," such as buying a grave site, taking long-postponed vacations, and making a financial gift to a loved one while they could see it being enjoyed.

But as welcome as this benefit is for the terminally ill, it is

still available to few. Only about 18 million policyholders, about half of 1 percent of the U.S. total, now have the option.

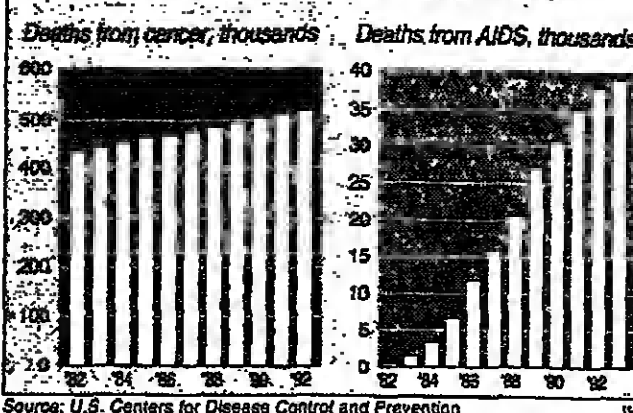
"And even if you have it, you can't use it if your life expectancy is more than a year," said David Landay, president of National Viator Representatives, a group that advises individuals who are ill on how to draw cash from their insurance. Some companies, he said, restrict payments to medical payments or to not more than 25 percent.

As a result, a second industry is growing rapidly in a business known as "viatical settlements," from the Latin *viaticum*, which refers to money and goods given to a traveler embarking on a long journey. These groups buy life insurance policies from people who are terminally ill at a discount to their face value. The company continues to pay premiums, and collects the death benefit when the patient dies.

There are now some 40 companies in the viatical business, most of them small operations. Many act as brokers for pools of wealthy investors, attracted by returns of an estimated 20 percent, and more if the patient dies sooner than expected.

Not surprisingly, many people view the practice as ghoulish and predatory. "Personally, I think these groups should be regulated," said Mr. Oberland of Northwestern, who recalled

U.S. AIDS and Cancer Fatalities



one case where a policy was bought from a dying person for only 50 cents on the dollar. Another frequent criticism of viatical settlements is that, unlike most accelerated benefits, they leave no money for survivors.

The business has its defenders, many of them AIDS activist groups that point out that they serve a need not met by insurance companies. More significantly, it is becoming mainstream. Last year, an insurance

company, the Chicago-based CNA Financial Corp., entered the field by setting up a subsidiary, Viaticus Inc. The company has purchased 400 policies, about 80 percent of them from AIDS patients, in contrast to Prudential, where 50 percent of early death benefit payments have gone to terminal cancer patients, and 27 percent to the AIDS-afflicted. "The AIDS market has a network and have heard about us, but in the main-

stream, very few have heard," commented John Banks, the president of Viaticus.

But Viaticus is also a major company compared with the smaller groups, some with questionable practices, which still dominate the business. And Mr. Banks says he agrees that the industry needs regulation. "It's the brokers who are responsible for the speculation," he said.

Regulation is in the works. The Securities and Exchange Commission is investigating several viatical groups that act as brokers, saying that some of their transactions are like securities dealings and should be registered. State regulators have also agreed on a model setting minimum prices that can be paid for a policy, ranging from 70 percent of its value for someone expected to live six months to a year, to 50 percent for two years or longer.

Most Fearful? It's the Swiss

By Aline Sullivan

Americans' reputation for fervently insuring against every eventuality may be undeserved. They do spend more than most people on insurance but they lag well behind the even more cautious Swiss and Japanese.

Annual worldwide insurance premium volumes total about \$1.47 trillion, according to a recent study by Sigma, the research arm of Swiss Reinsurance Co. That works out at an average expenditure of \$259 a person. But few countries come close to this average. Instead there is a huge discrepancy among nationalities in the amount they earmark for private insurance coverage.

The Swiss top the charts with an average annual expenditure of \$2,923 a person on insurance, followed by the Japanese at \$2,376 a year. In third place are the Americans, who spend on average \$2,068 a person. At the other end of the scale are the developing and formerly Communist countries, whose citizens frequently spend an average of less than \$5 a person on insurance.

Of course there are some anomalies. To judge from the Sigma figures, the inhabitants of Luxembourg—the smallest member of the European Union—would appear to be among the most risk averse, spending \$1,935 per head. But Luxembourg is a major location for captive reinsurance companies owned by multinationals based outside the country. Premiums paid into these companies boosted the apparent premium expenditure of the Luxembourgish significantly.

The pattern of insurance buy-

ing does appear to vary hugely between countries, however. For example, the litigiousness of Americans means that third party liability insurance of various kinds is enormously popular. Directors will often refuse to accept jobs unless they are covered by directors' and officers' liability insurance, which covers them against lawsuits from shareholders and others. The risks are very real.

In Japan and Switzerland, lawsuits of this kind are virtually unknown. More surprising are the relatively small amounts spent by southern Europeans and in some of the more developed countries of Southeast Asia. Italians are well known for being among the most enthusiastic savers in the world, but this prudent outlook doesn't extend to buying insurance—Italians spent an average of only \$343 each on insurance in 1992, the most recent year for which data were available.

That compares with an average per-capita expenditure of well over \$1,500 in Britain and the Netherlands. France ranks fifth in Europe and seventh worldwide with an average expenditure of \$1,470 a person. In Asia, Swiss Re found that the South Koreans spent only \$826 a person on insurance but that is almost half again the amount spent in Singapore and Taiwan. Malaysia's booming economy has not yet translated into higher expenditure on insurance: its citizens spent only \$106 a person on premiums.

As disparate as these figures are, there are some signs of convergence. Premium volumes are growing faster in Europe than in the United States or Japan while growth rates in

Latin America and Asia, excluding Japan, averaged more than 10 percent in 1992.

This shift to countries with medium per-capita income from highly developed countries is most noticeable in the life-insurance sector. In developing markets, most noticeably Latin America, life insurance has traditionally taken a back seat to nonlife business. That means there is more room for growth in the life market.

Latin America recorded the largest regional growth in overall expenditure, up 13.2 percent from 1991. The Swiss Re analysts attributed that gain primarily to vigorous economic developments in Mexico and Brazil. The gradual liberalization of the insurance market in Latin America also accounted for some of the gain, they said.

In Europe, total premium expenditure is rising at about 5 percent a year thanks mostly to price increases and real gains in the number of fire and motor policies sold. The growth in nonlife business in Turkey is particularly strong. Much of which is fueled by new car owners. In general, Europeans spend about the same on life and nonlife premiums.

The distribution of premium volume by continent has remained consistent for several years. At last count, North America's \$556.9 billion market accounted for 38.0 percent of the world total, followed by Europe with 31.1 percent and Asia at 26.9 percent.

Despite impressive gains in recent years, Africa and Latin America continue to account for less than 1.5 percent of overall world insurance market. Puzzled insurers say that it is easier to sell their product in the developed countries than to exploit untapped markets.

Endowment Policies in Britain Draw Investors

By Aline Sullivan

It is sometimes alleged that only an actuary can judge the intricacies of British endowment policies. But that hasn't stopped increasing numbers of investors from buy-

ing other people's policies, scenting the chance of solid profits at low risk.

Endowment policies, one of the most popular forms of investment in Britain, are usually purchased to repay mortgages and as a method of saving. They guarantee a sum to be paid

when the policy matures or on the death of the policyholder. "With profits" endowment policies also pay a share of any excess profits earned by the policy's investments.

These "with profit" policies can be very attractive to third-party investors. Buying a for-

feited policy allows an investor to share in the widely spread assets of the country's major life insurance funds—often at a 10 to 15 percent discount. And the return isn't bad, either, with annual compound rates at 12 to 14 percent.

Until the 1990s, trading in second-hand policies was low, averaging \$5 million a year. Then the country's worst economic recession since the war set in, compelling many holders to relinquish their policies.

Policies considered tradable are generally with profits endowments with 10 years or fewer left. But the three publicly quoted funds in this market, two run by Kleinwort Benson Investment Trusts and one by Barclays de Zoete Wedd Investment Management, are able to take a slightly longer view. Stephen Westwood, director of the £30 million Kleinwort

Endowment Policy Trust and the £20 million Kleinwort Second Endowment Policy Trust, said that about 60 percent of each fund is invested in policies that will mature when the funds expire after 11 years. The remainder of the assets are invested in policies that mature earlier, providing a steady income stream to finance premiums of the later developers.

The £20 million BZW fund is structured differently. First, it is based offshore in Jersey. Also, rather than financing premiums through early-maturing policies, it relies on a loan facility. "We are not holding back cash to pay the premiums, because we think that is inefficient," said the manager, Dan Nathanson. "The interest charges are less than the policies will pay back."

Best Performing Mutual Funds

Leading mutual funds from Belgium, Britain, France, Germany, Ireland, Italy, Luxembourg, Offshore Territories, Switzerland and the United States. Value of \$100, income reinvested, excluding charges.

Over one month to March 1, 1995

CIBC-CEF Money Fund	138.91
KBP Security Click-USA 1	127.24
Bermuda Int'l GM Fd	122.75
International Property Fund D	122.31
CIBC-CEF Hong Kong Warrant	121.76
Dresdner AGF Hong Kong	119.42
Thomson New Tiger Hong Kong	118.72
NICAM Malaysia Fund	118.47
Hansard INVECO Asia Tr Warr	117.16
CIBC-CEF Malaysia	117.09
SHK Asian Warrant	117.02
SHK Middle Kingdom	116.57
Hansard Fidelity Malaysia	116.19
Fidelity Fds Hong Kong & China	115.82
Govett MIF Hong Kong Index	115.84
GT Japan Warr & Derivatives B	115.76
GT Japan Warr & Derivatives A	115.71
AGI South East Asia	115.61
CIBC-CEF Golden Buddha	115.39
Old Mutual Hong Kong	115.31
OMI (Gray) HK Stock	115.18
Pleiade Asia Pacific Equities	114.94
Yorkdown Classic Value	114.89
MBI Pacific Warrants	114.83
Nomura SF Singapore & Malaysia	114.49
Nomura SF Hong Kong	114.12
CIBC-CEF Pacific Prop Shares	114.10
Morgan S Asia Eq-Mkt Inv. \$250K	113.80
Finistere Hong Kong Life	113.72
JF Taiwan Trust	113.72
Royal Life/Conn Bermuda	113.62
CIBC-CEF Emerging Pac Mkts	113.59
HansardGT ASEAN	113.29
INVECO Asia Tiger Warrant	113.26
Scotinvest Pacific Equity	113.06
HSBC Hong Kong Growth	113.00
Finistere Sing & Malay Life	113.00
Fleming FF China	112.99
Murray Pacific Growth	112.99
GT Newly Industrialized Ctries	112.89
Colonial Securities Hong Kong	112.89
HansardBaring Malay & Sing	112.78
INVECO Hong Kong & China Gth	112.65
HSBC GIF Hong Kong Equity	112.65
Mercury ST Singapore & Malay	112.62
Bermuda Int'l GM HK Index	112.52
Sun Life Aggressive Stg	112.50
Schwab Asia Hong Kong	112.49
The Malaysia Capital Fund	112.27
HCM Greater China	112.13

Over one year to March 1, 1995

CMF SICAV Belgian France Dist	180.08
SBC Bond Portfolio YEMA	158.39
CMF SICAV Liquidity Mkt Dist	151.91
AHL Commodity	143.44
Mercury WT European Eqty Bear	141.88
Star High Yield	139.74
Blue Danube Diversified	139.70
SBV DM Fund Bond Akty	139.28
Gazantia Debt	139.11
G-Treasury Int'l Belgo-Lux A	139.03
G-Treasury Int'l M-T Belgo-Lux A	139.03
HansardGT Technology	132.52
Taiwan Capital	131.21
Fidelity S&P Health Care	129.51
Unico UF DEM Rentier	129.51
Mercury WT UK Equity Bear	129.51
G-Treasury Int'l Europe A	129.51
OMI (In) Denmark Mkt Currency	129.51
Skandia SICAV FIM Short Term	129.51
MMW-SELECT-Fonds	129.51
Finland High Yield - Cap	129.51
Talpat Fund NAV	129.51
Parkins Opportunity	129.51
JF Taiwan Trust	129.51

Seligman Comm'n & Info A	128.72
Mercury WT Japanese Eqty Bear	125.96
Govett Smaller Companies	125.92
Overland Ekt Short Gth	125.80
Fidelity Money FIM Acc	125.78
Lyons Int'l MIF PTE	125.65
HansardGT Commodities	125.58
Schwab International Inc	125.53
Fidelity Money PTE Acc	125.49
INVECO Taiwan Growth	125.44
Seligman Comm'n & Info B	125.42
SBC Money Market Fund ESG	125.17
INVECO US Industrial Income	125.10
GT Technology B Share	124.90
Svevia Germania Select I	124.39
GT Technology A Share	124.29
BIG Int'l Invest	124.11
Deutscher Sec Money	124.03
HANSATIMMOR	123.68
Cindam Balanced	123.62
UBS Fixed Term Invest DM 96	123.58
Oppenheim Int'l Capital	123.56
Govett MIF European Bear	123.49
Alliance Technology A	123.17
Generalpart B	123.12

Over five years to March 1, 1995

Genesis Chile	544.37
Quintard Fund	493.04
GT Chile Growth	427.41
Thomson New Tiger Hong Kong	384.80
Sintra	384.80
Colonial Securities Hong Kong	384.80
Putnam Emerging Int'l Science	347.20
Schwab Asia Hong Kong	344.88
Gartmore Hong Kong	344.70
Fidelity S&P Home Finance	339.89
GAM East Asia	336.43
JF India	334.29
Jaguar	329.34
AIM Aggressive Growth	315.08
JF Thailand	314.19
Seligman Comm'n & Info A	312.57
Astina (FE) Asia Trust	308.88
Old Mutual Hong Kong	308.11
Manila Fund (Cayman) Ltd	307.87
Schwab US Smaller Companies	305.92
J Hancock Special Expt	304.09
Twentieth Cent Global	301.87
Amal Asian	298.32
Indoquay Hong Kong	298.06
Oppenheimer Main St B/G/A	295.68
OMI (Gray) HK Stock	291.72
HSBC GIF Hong Kong Equity	287.81
Mercury Gold & General	286.46
GAM Int'l Investments	286.10
MFS Emerging Growth	285.10
Fidelity S&P Software	285.80
Fidelity S&P Computers	285.33
P&H Growth	285.14
T. Rowe Price Science & Tech	282.92
PIMCO Adv. Opportunity	282.38
Schwab Int'l Sel US Sm Cos	281.92
INVECO Strat. Technology	279.75
Fidelity S&P Medical	275.13
Alliance Technology A	274.94
Old Mutual Thailand	274.89
HSBC Hong Kong Growth	274.85
Mercury ST N American Opps	272.57
INVECO Hong Kong & China Gth	272.08
GAM North America	270.73
Hypo F&C US Smaller Companies	270.46
Fidelity S&P Health Care	270.24
United New Concepts	268.96
Astina IUF Asian Equity A	268.87
Fidelity S&P Technology	268.51

Source: Miroslav

For Auto Coverage, the Savings Could Be Huge

By Digby Lerner

Drivers shopping for the best auto-insurance deal mainly confine themselves to insurers based in their home country. And with good reason. The legal and practical barriers standing in the way of anyone trying to buy across international borders are often too great to overcome.

Aside from range of auto-insurance regulations between countries, the idea of dealing with an insurer in a distant place—possibly in a foreign language—is often enough to dissuade people trying.

But things may be changing. The growing globalization of insurance markets plus improved telecommunications could be set to revolutionize the way auto insurance is bought and sold, experts say.

In Europe, especially, progress has already been made toward improving insurance trade between countries. In July 1994, the EU established a single market for life and nonlife insurance, theoretically allowing EU citizens to buy life and general cover from insurers in any of the 15 member states.

For those able to take advantage of the single market, the savings for auto insurance could be huge. Figures from BEUC, the European consumer association, show that for young drivers, policies bought in Ireland, for example, could be 12 times the cost of the same cover from a Greek insurer. Although for more experienced drivers the price range is narrower, Irish policies can still be up to four times more expensive than in Greece.

Elsewhere in the EU, the differences are smaller but significant.

Yet despite the opening of the single market, the expected flood of business across the EU has failed to happen, said David Hough, a director with the British insurance and investment brokers association (Bi-i) in London. "On the motor side," he said, "there isn't a great deal of activity. Most people still look to their local market for cover. Local service and local knowledge is going to be an overriding factor behind customer choice for some time."

Although he believes the EU

auto insurance market is gradually opening up, he added that further progress needs to be made on both legislative and cultural levels before the market becomes truly liberalized.

Despite the fanfare accompanying the official launch of the single insurance market last year, not all EU countries had made the legal changes needed to underpin it.

Laura Mosca, a researcher in Brussels, published a report last July that outlined the barriers still impeding cross-border business in the EU. Since the July 1 deadline, she said, nothing has changed. "Now we are in March, nearly a year later, and the countries where the laws didn't apply are still in the same situation."

But even after these changes are finally made, few experts believe there will be a sudden rush of cross-border business in the EU. Jenny Frost, European manager with the Association of British Insurers in London, believes it will take time for insurers and their clients to move into the European market.

"I think a lot of insurers that tried to expand internationally in the past have had their fingers burned. They realized you can't simply move into a foreign country, you have to research the local market to make sure you're selling policies people want. The single market has made it easier for companies to move around the EU, but there

are still certain procedures companies have to adhere to."

She said insurers have to take account of local contract law and linguistic differences despite the single market. In the auto-insurance market, especially, there is a trend towards conducting business by telephone. Direct Line, owned by the Royal Bank of Scotland, markets auto insurance by telephone and has captured a large slice of the British market during the few years it has been running. It is now also moving into the Spanish market.

Other European insurers have followed suit. Eurofil, a French subsidiary of the British insurer Commercial Union, operates a telephone-based auto insurance service, as does Polis in the Netherlands.

"The spread of telephone marketing could have happened without the single market, but it's a sign the market is slowly beginning to open up," said

Mr. Hough. "This has been encouraged partly by the way insurers have been buying into foreign companies, like Allianz, which in 15 years has

changed from a local German insurer to a multinational company. The same has happened with AXA in France and Generali in Italy."

The Global Insurance Market		Real growth rates of total business in 1992	
0% to 5%	5% to 10%	10% to 20%	20% or more
Russia Korea Hungary Poland Czech Rep. Slovakia Bulgaria Algeria Egypt Sweden Poland Iceland	Slovenia Colombia Australia U.S. Japan Switzerland Ireland Dominican Rep. Netherlands India Canada Brazil Austria Cameron Belgium Norway Denmark	Czech Rep. Germany United Kingdom Philippines Ecuador Uruguay Italy France Pakistan Tunisia	Morocco Spain S. Korea Portugal Venezuela Greece Malaysia Taiwan Israel Chile Singapore Indonesia Panama Iran Cyprus

Source: Sigma Re.

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SPORTS

Soccer Cup Draws Separate English, German and Italian Clubs

Compiled by Our Staff From Dispatches
GENEVA — The European Cup Winners' Cup final could be an all-English confrontation between the London teams Arsenal and Chelsea, which may prompt UEFA, European soccer's governing body, to switch the venue of the May 10 final from Paris to Wembley for security reasons.

The UEFA Cup final could be between two Italian teams or two German clubs.

In draws for the cups on Friday, the teams from the same countries conveniently avoided each other.

UEFA officials drew Arsenal, the defending champion, against Ita-

ly's Sampdoria, and Real Zaragoza of Spain against Chelsea in the Cup Winners' Cup semifinals.

In the UEFA Cup, it was Bayer Leverkusen against Parma and Juventus against Borussia Dortmund.

The Cup Winners' semifinals will be staged April 6 and 20 with Arsenal and Zaragoza playing at home in the first legs. The final is at the Parc des Princes in Paris, although there is speculation that the final could be switched to London's Wembley stadium if the two English clubs advanced and created a security risk.

Some 200 Chelsea fans were sent home before their team's quarterfinal

game in Bruges last month. That followed a riot in Dublin on Feb. 15 when England played Ireland in a friendly match.

UEFA confirmed Friday that it was written into its regulations that, if two clubs in a final were from the same country, the venue could be changed if both teams requested it.

Arsenal knows it will not have to face the English national captain, David Platt, who will miss both semifinal legs after being expelled during Sampdoria's quarterfinal against Porto on Thursday.

Leverkusen and Juventus will host the first legs of the UEFA Cup semi-

finals April 4 with the second legs April 18. UEFA decided that the winner of the Leverkusen-Parma semifinal will host the first leg of the final May 3. The second leg is May 17.

Dortmund will be out for revenge after losing 6-1 to Juventus on aggregate in the 1993 UEFA Cup final.

The Champions' Cup semifinals were decided in advance. Paris St. Germain plays AC Milan, the defending champion, on April 5 in Paris, and Bayern Munich faces Ajax Amsterdam in Germany. The second legs are April 19 and the final is in Vienna on May 24.

PSG's sporting director, Jean-Michel Moutier, said: "The players would rather have had the second leg in Paris, but the coach, Luis Fernandez, is not bothered about going to Italy for the second match."

"We'll have to get a result at home and then aim to hold on over there," he added.

AC Milan's director, Umberto Gandini, acknowledged that it was "an advantage" for Milan to be at home for the second leg. (AP, AFP)

Sampdoria Wins on Penalties
 Sampdoria advanced to the Cup Winners' Cup semifinals by beating

Porto on penalties late Thursday night in Porto, Reuters reported.

Sampdoria, facing a 1-0 deficit from the first leg squared the tie with a 48th minute goal from Roberto Mancini and the second leg was level 1-1 on aggregate after extra time.

The Italians won the penalty shoot-out, 5-3, after the striker Russell Latapy's shot was saved by Sampdoria's Walter Zenga. Porto's Domingos Oliveira, Emerson Costa and Antonio Folha all scored.

Mihajlovic Stasa, Vladimir Yugo- vic, Ricardo Maspero, Fausto Sal- sano and Atilio Lombardo converted Sampdoria's five kicks.

Testimony Deflates Key Alibi For Tapie

Compiled by Our Staff From Dispatches

VALENCIENNES, France — The prosecutor in the bribery trial of the former Marseille soccer president Bernard Tapie accused a former French cabinet minister of lying in court Friday and said he should be investigated for interfering with witnesses.

The prosecutor said the former Socialist minister, Jacques Mellick, had given false testimony in a bid to clear Tapie, a former cabinet colleague, of match-fixing charges and had ordered his aide to lie to support Tapie's alibi.

"I will ask that the minutes of this hearing be sent to prosecutors so that they can start, if they deem it necessary, an investigation into Jacques Mellick for tampering with a witness," the prosecutor, Eric de Montgolfier, told the court.

Mellick's former aide, Corinne Kragewski, testified that she and Mellick did not travel to Paris in June 1993 to meet Tapie. The alleged meeting provided Tapie with an alibi against a claim that he offered a bribe to a coach to fix a game.

Mellick, mayor of the northern town of Bethune and a member of Parliament, had said he met Tapie on June 17, 1993, at the same time that the coach of the Valenciennes club, Boro Primorac, claimed that Tapie was trying to buy his silence.

Tapie has denied that he met Primorac on that day. A member of the French and European Parliaments, he is one of six people on trial for bribery in a May 1993 league match between Marseille and Valenciennes.

Each faces up to three years in prison if convicted.

The scandal broke when a Valenciennes player said he had been bribed by Tapie's team, Olympique Marseille.

Kragewski told the court Friday: "I was not in Paris with Mr. Mellick on June 17. He asked me to say I had gone with him."

She said Mellick had visited her Thursday and threatened to fire her husband, who works for the town hall in Bethune, if she retracted her earlier statements.

Her turnaround came a few days after the former OM managing director reversed himself and accused Tapie of directly ordering the bribes.

But Mellick stood by his testimony.

"I went to the National Assembly, I saw Bernard Tapie and I went back to Bethune," he said. "I can't remember whether Corinne was with me or not, but I never asked her to say anything at all."

He acknowledged meeting her Thursday but said it was at her request.

Tapie has denied any involvement in a bribery plan or a subsequent cover-up, insisting that he is the victim of a plot by political foes to silence him.

(Reuters, AP)

Nordiques Edge Ahead of Penguins

The Associated Press

The team playing the best hockey in the National Hockey League right now? The Quebec Nordiques, but not by much.

"If we had a seven-game playoff, it would be 4-3 either way," the Pittsburgh Penguins center John Cullen said Thursday night after a 3-2 loss to Quebec in a battle of the NHL's top two teams. "I don't think either team would allow the other to win four in a row because they're just too good."

With the victory, the Nordiques moved one point ahead of

game with one goal and Rouse had none, but they helped hand Dallas its third straight loss. The Red Wings are 5-1-1 in their last seven.

Detroit went ahead 4-3 after just 51 seconds of the third when Konstantinov snuck in from the blue line to whack in a goalmouth pass for his second goal of the year.

Flyers 3, Senators 1: In Ottawa, John LeClair's tie-breaking goal with just over two minutes left boosted the Flyers over the Senators and into first place in the Atlantic Division, over the idle New York Rangers.

Sabres 6, Islanders 3: Pat LaFontaine, playing his first game in 16 months, scored one goal and set up another to lead Buffalo over the visiting Islanders.

LaFontaine's first goal since Nov. 10, 1993, came on a three-one break when he beat Tommy Soderstrom with a wrist shot to give the Sabres a 2-1 lead with just over six minutes left in the period. Alexander Mogilyan scored two goals, the first after LaFontaine hit him with a soft pass in the right circle.

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Pittsburgh's Jaromir Jagr, the NHL's top point-getter, produced a goal, his 20th, and assisted on Luc Robitaille's goal.

Bruins 6, Canadiens 0: The Bruins ruined Montreal's last regular-season visit to Boston Garden by scoring three goals in less than two minutes of the second period.

Montreal has played 312 regular-season road games against the Bruins, more than any other team. Boston will move next season into the new FleetCenter, being built next to the Garden.

The Canadiens were coming off an 8-5 victory Wednesday night over Pittsburgh, their highest goal total of the season. But the Bruins rookie Blaine Lacher stopped 29 shots in recording his third shutout as Boston ended a season-long three-game slump.

Red Wings 5, Stars 4: In Detroit, Vladimir Konstantinov and Bob Rouse scored third-period goals to break a 3-3 tie for the Red Wings.

Konstantinov entered the

game with one goal and Rouse had none, but they helped hand Dallas its third straight loss. The Red Wings are 5-1-1 in their last seven.

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Dallas's Mike Kennedy awaited the rebound as Detroit's Mike Vernon deflected a shot.

Foreign Stars Light Up J-League, but Japanese Fans Miss Local Talent

Reuters

TOKYO — An increase in foreign players and coaches is likely to stimulate greater international interest in Japanese soccer's J-League, which begins its third season on Saturday.

But declining domestic television viewing figures last season have been blamed on a lack of Japanese star players to generate interest among local fans.

The J-League has tried to counter the problem by boosting the prize money. The winners of the two legs that make up the season will earn 100 million yen (\$1.1 million) — twice last season's figure.

Fifty-eight foreign players, including a star-studded contingent of 27 Brazilians, and 10 international coaches are to figure in the 14-team professional league, which has two more teams than it did last season.

J-League teams offering multimillion-yen contracts backed by the mighty Japanese currency have secured the services of seven members of the Brazilian squad that won the 1994 World Cup.

FIFA President Upbeat On Joint Korean Cup Bid

Agence France-Press

SEOUL — Joao Havelange, president of FIFA, thinks South Korea has a better chance of staging soccer's 2002 World Cup if it co-organizes the event with North Korea, the South Korean news agency Yonhap reported Friday.

Japan and South Korea are on an "equal footing" in their bids to hold the competition, the head of world soccer's governing body was quoted as saying in a written reply to questions sent by the agency.

The two Asian rivals ended up as the only bidders after Mexico withdrew, and both are now mounting multimillion-dollar campaigns to get the nod from FIFA, which will pick the venue in June 1996.

Sources close to Seoul's campaign said there was no question of a joint North-South bid at this point. But the sources added that if relations between the nations were normalized, the peninsula, divided since the end of World War II, could stage the tournament as one nation.

If Seoul's bid succeeds, this in itself could be a "catalyst for peace," they said.

Yonhap said Havelange declared that FIFA "never considered the possibility of South Korea and Japan co-hosting."

"It is impossible for several reasons," he said, but did not elaborate.

Japan has never made it to the World Cup finals. South Korea played in the finals in 1954, 1986, 1990 and 1994.

(Reuters, AFP)

A Five Nations Showdown For England and Scotland

Compiled by Our Staff From Dispatches

LONDON — Gavin Hastings, the captain of Scotland's rugby union team, acknowledged on Friday that it would require a supreme effort from his team to stop England in the match that decides the Five Nations tournament at Twickenham on Saturday.

Hastings, making his final international appearance at a ground where Scotland has won only twice since World War II, knows his team is a firm underdog in the "winner-take-all" battle for European rugby's top honor.

The Five Nations title, the Calcutta Cup, a grand slam and a triple crown are all up for grabs, and Hastings insisted that it would be a bigger occasion than any of his previous 55 caps.

"It's the biggest match of my life, bigger than the World Cup semifinal four years ago," he said. "That was four years ago, this is now."

"We're going to have to play the game of our lives and take every opportunity to have a chance. But the English won't be taking us lightly, that's for sure."

In the other match on Saturday, Ireland faces

Wales in Cardiff to decide which of the two finishes at the bottom of the tournament.

The generally relaxed demeanor of the Scottish team contrasted with the English squad, five of whom were involved in the famous 1990 Murrayfield showdown in which Scotland triumphed in similar circumstances.

The English side had a brief practice Friday, and many of the players were reluctant to discuss their prospects.

But Will Carling, the captain, said he was sure history would not repeat itself.

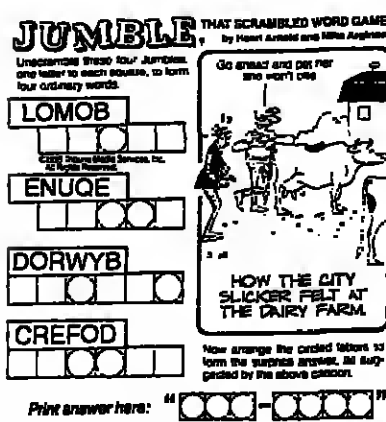
"We were good enough in 1990 and we didn't win the game," he said. "I believe if we fulfill our potential this time we will win."

Hastings' total of 16 points against Wales took his Five Nations tally for the season to 50, just two short of his Scottish record of 52 set in 1986.

He needs another 18 to break the overall championship record held by England's Jonathan Webb, but will need to repeat his inspirational deeds of the past three matches if the Scots are to secure only the fourth grand slam in their history.

(Reuters, AFP)

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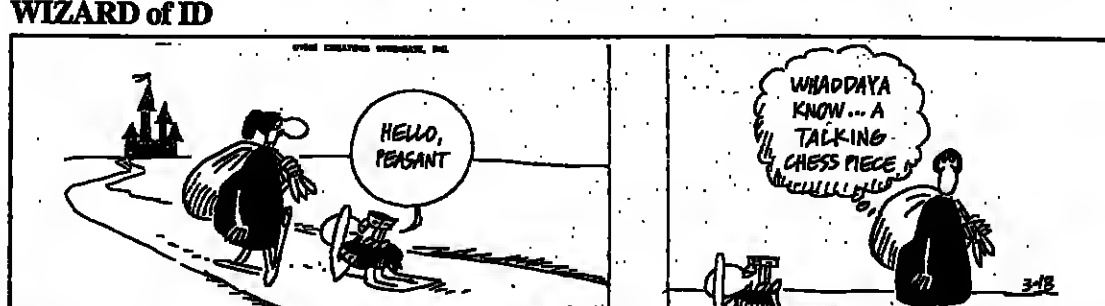
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THE FAR SIDE



BLONDIE



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George Washington Falls to Ohio in NIT

The Associated Press
For the second time this season, Ohio University has handed George Washington a National Invitation Tournament defeat.

The Bobcats beat the Colonials, 83-71, Thursday night in the first round of the NIT. Ohio defeated the Colonials, 82-76, in the preseason NIT semifinals, then beat New Mexico State for the championship.

The Bobcats are trying to become the first team to win both the preseason and postseason NIT titles in the same season.

Gary Trent had 25 points and 13 rebounds, and Geno Ford added 23 points to lead Ohio. Ford scored 18 in the first half, including 10 straight, capped by a four-point play with 3:19 left to give the Bobcats a 34-26 lead.

Ohio led 41-35 at halftime. The visiting Colonials (18-14) got within four points twice in the second half, the last time on Billy Calloway's layup with 8:04 remaining to make it 64-60.

But consecutive baskets by Trent, Ford, Ed Sears and Curtis Simmons gave the Bobcats a 72-60 advantage with 4:49 left.

Providence 72, College of Charleston 67: In Providence, Rhode Island, Austin Crossbreed tied a career-high with 28 points as Providence stopped the Cougars to snap the nation's longest winning streak at 16 games.

St. Bonaventure 75, Southern Miss. 70: In Ocean, New York, Nii Nelson-Richards scored 16 of his 24 points in the first half, leading St. Bonaventure to its first postseason victory in 18 years.

The Bombers had not won in the postseason since taking the NIT title in 1977.

South Florida 74, St. John's 67: In Tampa, Florida, Brian Lamb scored 11 of his career-high 14 points in the first half and played well defensively for South Florida.

The heralded freshman Felipe Lopez, guarded much of the time by Lamb, only got off seven shots and finished with 11 points for St. John's.

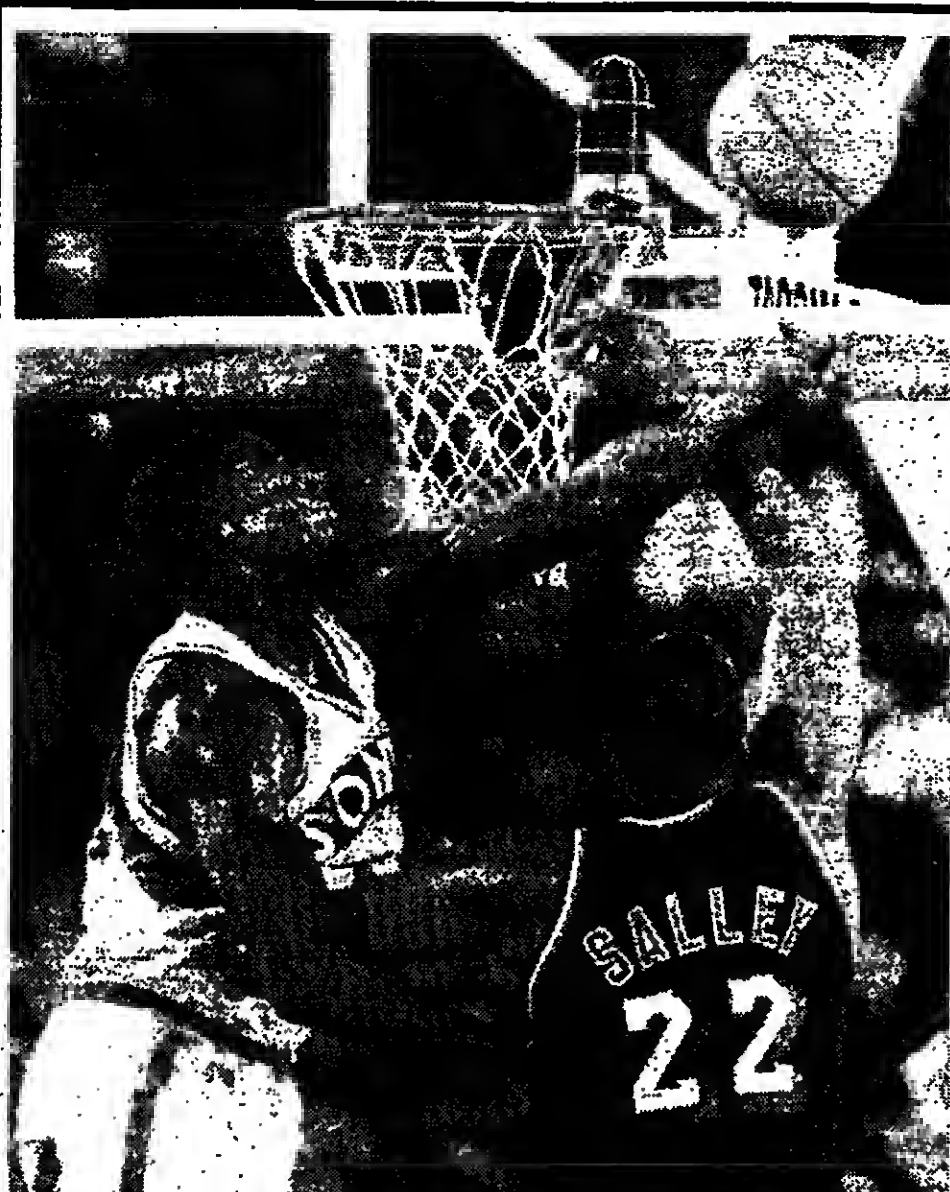
Nebraska 69, Georgia 61: In Lincoln, Nebraska, Erick Strickland had 21 points and 10 rebounds as the Cornhuskers limited the Bulldogs to one point over the final 5:10 and to 20 percent shooting in the second half.

Nebraska trailed until Mikki Moore's dunk put the Huskers ahead 62-60 with 1:59 remaining. Less than 25 seconds later, Jason Boone drove the baseline and fed Moore for another dunk. Moore was fouled and he sank his free throw to give Nebraska a 65-60 lead. He blocked a shot with 15 seconds left and drew a charge to seal the victory.

Bradley 86, Eastern Michigan 85: Deon Jackson sank two free throws with seven seconds remaining to give Bradley the double-overtime victory in Peoria, Illinois.

Illinois St. 93, Utah St. 87: Maurice Trotter scored 29 points and Brian Kern added 16 to lead the Redbirds to victory in Logan, Utah.

Trotter hit his fourth 3-pointer with 3:38 left in overtime to put ISU on top 83-82, then added four free throws.



COOLING OFF THE HEAT — Seattle's Shawn Kemp swatting away a shot by John Salley of the Heat as the Sonics, 103-78 victory, held visiting Miami to a season-low total. Seattle won its fourth straight National Basketball Association game.

Iowa St. Topples Florida, Syracuse, Stanford Win

The Associated Press
Julius Michalik scored 12 of his 17 points in the final seven minutes Friday as Iowa State rallied to a 64-61 victory over Florida in the opening round of the National Collegiate Athletic Association Southeast Regional in Tallahassee, Florida.

Michalik's 3-pointer with the shot-clock running down gave the Cyclones a 62-61 lead with 1:01 remaining. Jaci Holloway made two free throws with 17.4 seconds left for the final margin.

Florida became the second team that made to the Final Four a year ago to bow out of the tournament in the first round. Arizona was upset by Miami of Ohio in the Midwest Regional on Thursday.

The Gators' Dan Cross had two chances to tie it in the closing seconds. One of his desperation 3-point attempts bounced off the rim and was rebounded by Florida's Darnell Hill. His other shot was an airball that Iowa State retrieved.

Iowa State trailed most of the game before Michalik, a senior from Slovakia, took over. His 3-pointer cut Florida's lead to 56-51 with 6:36 left and his backdoor layup trimmed Iowa St.'s deficit to 61-59 with 2:10 to go.

Syracuse 96, St. Illinois 92: The inside-outside attack of John Wallace and Lucious Jackson helped Syracuse withstand a 3-point barrage and triumph in the Midwest Regional in Austin, Texas.

Syracuse, which had lost seven of its last 10 games, hit six straight free throws in the final

17.6 seconds to fend off a desperation rally by Southern Illinois, which got consecutive 3-pointers from Chris Carr in the final 12 seconds to make the game close.

Stanford 70, N.C. Charlotte 68: Dion Cross scored 17 points and Brevin Knight had 13 as Stanford won its first NCAA tournament game in 53 years in the East Regional in Albany, New York.

Seventh-seeded UNCC had a 63-58 lead with 4:46 to play in the game — matching its biggest lead of the second half — but then the 49ers went cold, scoring only on DeMarco John-

son's 3-point play with 1:34 to go and on Jarvis Lang's layup just before the buzzer.

Stanford had not won an NCAA tournament game since 1942, when the Cardinal won the national championship.

In first-round games played Thursday:

Kentucky 113, Mount St. Mary's 67: Kentucky romped to its highest-scoring game in 97 NCAA tournament appearances. The top-seeded Wildcats also set a school record for their most lopsided victory in the tournament in the Southeast Regional in Memphis, Tennessee.

Tulane 76, Brigham Young 70: Kim Lewis scored 22 points and ninth-seeded Tulane used a 13-4 start of the second half to beat BYU.

Kansas 82, Colgate 68: Kansas waited until midway

through the second half to start playing like a No. 1 seed, winning its 12th straight first-round game in the Midwest Regional in Dayton, Ohio.

Colgate closed to 50-46 with 15 minutes left before losing its first NCAA tournament appearance.

Western Kentucky 82, Michigan 76: Michael Fraix hit a 3-pointer with 9.1 seconds left that forced overtime, and Western Kentucky started the extra session with a 10-0 run.

The loss closed out the Feb. Five era at Michigan. Ray Jackson scored 28 points and Jimmy King had 23 points and 17 rebounds; they were the last two members left from the famed recruiting class that made it to two NCAA title games and a regional final.

St. Louis 64, Minnesota 61: Saint Louis won an NCAA tournament game for the first time in 43 years, holding on after squandering a 17-point lead in the East Regional in Baltimore.

With the score 61-61, Ervin Claggett's jumper with 42 seconds left in overtime put ninth-seeded Saint Louis ahead. After a Minnesota miss, David Robinson made a free throw to make it 64-61. Minnesota then missed four 3-pointers.

Alabama 91, Penn 85: Antonio McDyeess scored a career-high 39 points and Alabama began the overtime with an 11-0 run for the fifth-seeded Crimson Tide. Penn rallied to 88-85 with 16 seconds left, but Bryan Passink made a foul shot and McDyeess added a dunk.

The teams combined for a tournament-record 42 points in one overtime, breaking the mark of 37 set by Utah and Missouri in 1978.

Okla. State 73, Drexel 49: Bryant Reeves bulled through two and three defenders at a time, getting 21 points and 11 rebounds.

Drexel did not make its first basket until 11:23 was left in the first half.

Cincinnati 77, Temple 71: La-Zelle Durden had six 3-pointers and finished with 24 points to power Cincinnati in the West Regional in Salt Lake City.

The Bearcats and Owls combined for 26 3-pointers, one shy of the tournament record set in last year's West Regional second-round game between Wisconsin and Missouri.

Texas 90, Oregon 73: Terrence Rencher scored 19 points and Texas' pressure wore down the Ducks, playing in their first NCAA tournament in 34 years.

Maryland 87, Gonzaga 63: Maryland improved to 12-0 in first-round games, the best unbeaten mark in tournament history. Gonzaga lost in its first NCAA appearance.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
Orlando	48	16	.750
New York	45	21	.682
New Jersey	36	32	.529
Boston	34	34	.500
Atlanta	33	35	.485
Washington	32	36	.471
Philadelphia	27	41	.397
Charlotte	26	42	.382
Indiana	25	43	.368
Chicago	24	44	.353
Cleveland	23	45	.338
Albany	22	46	.323
Memphis	21	47	.308
Detroit	20	48	.293

WESTERN CONFERENCE			
Team	W	L	Pct.
Utah	48	16	.750
San Antonio	45	21	.682
Houston	36	32	.529
Phoenix	34	34	.500
Los Angeles	33	35	.485
Golden State	32	36	.471
Portland	27	41	.397
San Diego	26	42	.382
Seattle	25	43	.368
Denver	24	44	.353
Minnesota	23	45	.338
San Jose	22	46	.323
Phoenix	21	47	.308
Los Angeles	20	48	.293

PACIFIC DIVISION			
Team	W	L	Pct.
Portland	48	16	.750
Seattle	45	21	.682
San Antonio	36	32	.529
Houston	34	34	.500
Phoenix	33	35	.485
Golden State	32	36	.471
Portland	27	41	.397
San Diego	26	42	.382
Seattle	25	43	.368
Denver	24	44	.353
Minnesota	23	45	.338
San Jose	22	46	.323
Phoenix	21	47	.308
Los Angeles	20	48	.293

CENTRAL DIVISION			
Team	W	L	Pct.
Orlando	48	16	.750
New York	45	21	.682
New Jersey	36	32	.529
Boston	34	34	.500
Atlanta	33	35	.485
Washington	32	36	.471
Philadelphia	27	41	.397
Charlotte	26	42	.382
Indiana	25	43	.368
Chicago	24	44	.353
Cleveland	23	45	.338
Albany	22	46	.323
Memphis	21	47	.308
Detroit	20	48	.293

NHL Standings			
Team	W	L	T
Philadelphia	34	11	3
N.Y. Rangers	33	12	3
Florida	32	13	3
St. Louis	31	14	3
New York	30	15	3
Washington	29	16	3
N.Y. Islanders	28	17	3
Toronto	27	18	3
Montreal	26	19	3
Calgary	25	20	3
Vancouver	24	21	3
Edmonton	23	22	3
Los Angeles	22	23	3
San Jose	21	24	3
Anaheim	20	25	3

Labor Official Targets Baseball Club Owners

The Associated Press
NEW YORK — The general counsel of the National Labor Relations Board asked the agency's five-person board on Friday for permission to seek an injunction that would restore salary arbitration and free-agent bidding for major league baseball players.

Players say they would end their seven-month strike if an injunction was issued. But even that might not bring back baseball. Owners still could impose a lockout.

The board's chairman, William Gould, said the board would meet Thursday in Washington to consider the request by the general counsel, Fred Feinstein.

If permission is granted, the agency's New York regional director, Daniel Silverman, would file a preliminary injunction in U.S. District Court in New York next Thursday or Friday. That would lead to a hearing before one of that court's judges, probably the week of March 27.

Feinstein issued a complaint against owners Wednesday, accusing them of unilaterally eliminating salary arbitration, free-agent bidding and anti-collusion rules. Under the labor laws, a side may not alter part of a labor agreement dealing with wages before a negotiation has reached a legal impasse.

With just 16 days left until opening day, the acting commissioner, Bud Selig, appeared in no hurry to resume negotiations that could end the strike, which began Aug. 12. Selig spoke with the union head, Donald Fehr, on Thursday but did not agree to resume strike talks.

DOUBLE FEATURES By Alex K. Justin

- ACROSS
- 1 Played for a state
- 6 Drive up the wall
- 12 Breathe fire and fury
- 18 Verdi opera
- 19 Immature pigeon
- 20 Secret places
- 21 Less with good business contacts?
- 24 Capture
- 25 Murder, in mob talk
- 25 Suffix with defer or confer
- 26 Hank of the 50's
- 28 — supra (above-mentioned)
- 28 Western rain attire?
- 37 "Give — rest"
- 38 Five-centime piece
- 39 Home of Zeno
- 40 Mobster's piece
- 41 Simple baskets

- 44 Shivering fits
- 47 Lecturer
- 48 Wide-eyed
- 50 Think better of
- 52 Piquant
- 53 Informal information
- 54 One-sixth of a drachma
- 56 Heavyweight champ Willard
- 59 Accommodating
- 60 Sister Sledge's "We Family"
- 61 Wake?
- 65 Computerized playgrounds
- 67 Up positions, usually
- 68 Eggbeaters
- 70 Shoe store manager's complaint?
- 73 Comparative ending
- 75 Business bestia
- 76 Nieuport's river
- 77 Moonogony's "Green Gables"

- 78 Actress
- 79 It's found in a stack
- 80 Harry Bailey's inn
- 83 Consecrated
- 84 John — first president of the Continental Congress
- 87 Six-Day War
- 88 French family members
- 89 Bug-eyed monsters, for short
- 90 Learned book
- 92 Ground Up, e.g. Abby
- 94 Eubank's
- 95 Supermodel
- 96 Secondary-school club?
- 103 Writer Levin
- 105 Surgeon's intro
- 106 Opposite of manual
- 107 Cleveland athlete, for short
- 108 Brand-new
- 110 Christmas dinner for a don?
- 115 "Just Another Day" singer Jon
- 116 Swimmer
- 117 Primitive artist
- 118 Scotland's — islands
- 119 Holdings
- 120 Spoiler, perhaps

- 16 Tennyson heroism
- 16 Ref. work
- 22 Grow together
- 27 Sushi dish
- 30 Squawk
- 31 — "Klein Nachtmusik"
- 32 Billy Crystal TV series
- 33 Littlehammer
- 34 — Miguel, Azores
- 36 — Gen.
- 38 — Gen.
- 41 Vocal imitation of a fanfare
- 42 Classical mall
- 43 Halloween cmout snacked?
- 46 Wrong
- 46 Sonnet summers
- 48 Orange box
- 50 Ribs or ribbings, maybe
- 51 Neigh: horse bugle
- 54 Word before
- 55 Staid
- 57 Back up
- 58 Neck

- 59 Folies Bergere designer
- 61 Latvian, e.g.
- 62 — for Hollywood
- 63 Warbler Yoko
- 64 Chancel neighbor
- 66 Closed seas
- 69 Acumen
- 71 Goat cheese
- 72 Dancer-choreographer
- 74 "Phooey!"
- 75 Winter garment
- 78 Kate Nettigan film role
- 79 1989 World Series stadium
- 81 Big do
- 82 Con
- 83 Brice —
- 85 Like some stocks, for short
- 86 Meridian, now
- 87 Overrun
- 88 Bowled over
- 91 Skating gold medalist Tommy
- 93 Mips' relatives

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Solution to Puzzle of March 11-12

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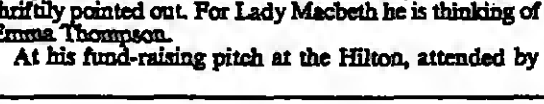
The O.J. Court Is Now in Sess—

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Knight-Ridder Newspapers

Want to Be in the Movies? It Costs Only £1,000

promises are made about ending on the cutting room floor (the investors' brochure carefully says they will play in the film, not be seen in it).



"It could be exciting," said the man in the serious City suit dreamily. "Think of all the money 'Four Weddings and a Funeral' made."

A computer will perform two piano pieces by the Hungarian composer Gyorgy Ligeti at a London concert because they are too difficult for human hands to play. Seated on a piano stool and wearing a bow tie, the Sibelius 7 computer will play the pieces at the International Composers Festival, but will leave less difficult works to a

Anita Hill is leaving her teaching post.

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